MANUFACTURING – CLOTHING

8 JAN. 1981 — 18 Dec. 1981

Why school uniforms are so dear

STAR 8/1/81 (30) (60) (184)

By Carolyn Dempster and Tony Duigan

Because parent and teacher associations oppose efforts to standardise uniforms at white schools, uniform bills are 60 percent higher than they need be.

But black and Indian schools are now moving towards standardisation of uniforms.

This week Soweto principals received a circular from the Department of Education and Training dealing with a report on school uniforms.

The report proposed one uniform for all Soweto pupils — with only a badge, tie or gymslip girdle to identify each school.

Efforts to introduce similar standardisation to white schools — begun 10 years ago by the SA Bureau of Standards — have failed because of parent apathy.

After years of study, the Bureau of Standards SABS specifications.

If this was acceptable to schools it would result in a far cheaper, yet good quality, uniform being made available, according to the SABS.

For standardisation to be effective in reducing the price of uniforms it would be necessary for a large number of schools, particularly new ones, to opt for simple designs.

The catalyst necessary to enforce a standardised uniform — as has happened with Indian and black schools — will have to be the education departments.

But the Transvaal Education Department has said it has no responsibility because uniforms are not compulsory.

FINANCE

MOST CLOTHING PLANTS SHORT OF WORKERS

Argus 29/1/81

184

NINETY-SIX percent of clothing manufacturers say production is hampered by a shortage of skilled workers. This is reported by the Stellenbosch Bureau for Economic Research in its latest opinion survey of business conditions.

About 53 percent also report shortages of semi-skilled labour

More than three-quarters of the clothing factories are working at full capacity and this has sparked off a wave of new fixed investment

Almost 60 percent of firms reported expansions in production in the December quarter and 63 percent have plans to expand in the current quarter

UNFILLED ORDERS

Judged by the value of orders received and the value of unfilled orders, manufacturers are experiencing a boom, says the report

Ninety-eight percent of clothing firms said business was better than a year ago and 81 percent expected business to be even better this quarter

Sixty percent of textile manufacturers said they could not increase production without undertaking new fixed investment

About 30 percent expanded their capacity in the December quarter and another 34 percent would do so this quarter

Serious shortages of skilled labour and raw materials eased, however But the cost of financing is coming to the fore as a bottleneck, says the bureau

FINE ART & ARCHITECTURE

ARCHITECTURE

Cape Provincial Institute of Architects' Prize

For the best student in :-

Sixth Year

P F Dunckley

Helen Gardner Travel

For a student who has satisfactorily comple

1st, 2nd and 3rd majo

P A Rappoport

Molly Gohl Memorial F

For the best woman st

in third year.

Miss C Tredgold

David Haddon Prize

For the best student

Architecture (or Quan

Surveying) in the sul

of Professional Prac

D H Pryce Lewis

General J B M Hertzo

For the best final y

S A Rand

ADONIS FM 6/2/81 184

Good returns

Activities: *Produces men's ~~and children's~~ knitwear The Bencen family holds 38% of the equity*

Chairman and managing director: *J Bencen*

Capital structure: *3,3m ordinaries of 50c Market capitalisation R1,9m*

Financial *Year to September 30 1980 Borrowings net short-term, R88 000 Debt equity ratio 24,7% Current ratio 2,1 Net cash flow R359 000 Capital commitments R210 000*

Share market: *Price 58c (1980-81 high, 90c, low, 45c, trading volume last quarter, 64 000 shares) Yields 18,3% on earnings, 8,6% on dividend Cover 2,1 PE ratio 5,5*

	'77	'78	'79	'80
Return on cap %	10,7	8,9	25,6	23,8
Turnover index*	117	104	128	145
Gross profit (R 000)	218	149	502	587
Earnings (c)	2 6	1,7	8,6	10 6
Dividends (c)	—	1	4	5
Net asset value (c)	47	48	53	59

*1973=100

Adonis' results for the year to end-September indicate better returns than most clothing manufacturers Even so, return on capital fell under the combined pressure of intense competition for which the industry is known and the need to carry higher stocks

Like most other manufacturers, at the year-end Adonis was forced to carry large raw material stocks to overcome a yarn shortage in SA and possible production interruptions because of long delivery times from local suppliers

Earnings reached a record 10,6c and the company is looking for a further improvement as end-September orders were 20% higher than the previous year Though turnover rose only 13,6% in 1980, pre-tax profit was 20% higher as volume sales were chased at lower prices

As a result of the increased level of business and larger raw material stocks to meet this year's expected demand and early orders, end-September total borrowings, all short-term, were higher at R488 000 (R208 000) In addition, the purchase of new knitting machinery boosted HP debt to R244 000 (R63 000) Because of the seasonal nature of Adonis' business, however, the year-end borrowings are not representative of the whole year Nor is the R400 000 (R427 000) cash balance

In line with last year's higher sales and orders for the current year, debtors increased 45% to R738 000 (R510 000). These were largely financed by an increase in creditors

Adonis' ability to produce returns on capital which are nearly double the industry average appear to stem from flexible manufacturing capacity and less severe competition in the knitting industry Having upmarket labels also insulates the company from the many small competitors who inevitably spring up during boom times

This year, Adonis will start manufacturing the Dior men's knitwear range, which should enhance profit prospects. Already orders are ahead of budget, while substantial government contracts will also add to profit

On the basis of a 20% turnover increase, earnings this year should rise to at least 13c from which a minimum 6c dividend is possible The market appears to have accurately rated the quietly traded share on a 10% prospective yield

Des Kilalea

CHEMICAL

FACULTY OF ENGINEERING

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

Second Year (Bronze Medal)
Miss G C Littlewort

Third Year (Silver Medal)
Miss N C Davidson

(Gold Medal)

CT 10/2/81 (184) 64

City clothing firm merger with UK co

A CITY clothing firm has negotiated a merger with a British company which it sees as leading to a big growth in its export potential

Aldenro, which manufactures ladies slacks and blouses, and is a supplier to Woolworths, has sold 50 percent of its equity to Peter Blond Ltd of UK, which has six factories in the Britain, and supplies to the Marks and Spencers chain

"The merger will mean a major upgrading in our efficiency, and we think it will mean a major increase in the quality of our production," says Aldenro chairman, Mr Dennis Rodgers

"We will have access to Peter Blond expertise, which will enable us to keep abreast of European styling, as well as improve our production techniques "

"We will be introducing new machinery, and new systems, which should enable us to keep our pricing very competitive "

During 1980 Aldenro invested R200 000 in new machinery, and the merger will allow introducing systems to use the plant at optimum, Mr Rodgers said

The managing director of Peter Blond, Mr Dennis Roberts, said that in addition to upgrading production at the Elsies River factory, the deal would open the door for Aldenro to export markets in Britain and Germany

"We have a some buyers coming out from Europe this week, and I think we can get a good share of the UK and German market "

He said that while there had been a tendency for the British clothing sector to invest in the Far East, there had been a move in Europe away from this market, and South Africa was viewed as having good potential.

W Cape 'needs a growth plan'

S.A. Indus. Wk. (184) 10/2/81

By James Lodge

THE Western Cape urgently needs a regional strategy to promote industrial growth and the creation of job opportunities, Mike Getz, chairman of the Cape Clothing Manufacturers' Association, believes

"Increasing employment depends almost entirely on industrial growth, and we are not making nearly enough progress," he told a Safto export seminar in Stellenbosch

He proposed a four-point plan of action

A study mission, he said, should be sent from the Western Cape to evaluate regional planning and trade and investment possibilities in other countries, especially in the East

An industrial strategy for the Western Cape should then be drawn up on the basis of the mission's findings

To support the strategy, Getz said, "we must attract commitment and involvement from industry and commerce, local and central government, the academic and scientific sector "

He pointed out that in Taiwan and Korea, and particularly in Japan, academics, business and government had combined effectively into working relationships

"The Western Cape should as a matter of urgency set up similar working teams with specific objectives and tight timetables Our scientists and academics must be enrolled with the leaders of business and the representatives of government in the cause of the Western Cape There is no doubt in my mind that this step will be the beginning not only of successful and ongoing exports but a long overdue stimulant for us all "

Getz also called for a regional marketing body for the Western Cape

"Information about our products, their distribution and markets is almost unobtainable We do not market our region or its products well enough We need to initiate a planned effort to promote the industrial products of the Western Cape under a banner of quality and reliability

FACULTY OF ENGINEERING

Corporation Medals
For the best student in eac
of the 2nd, 3rd and final y

Second Year (Bronze Meda

Miss G C Littlewort

Third Year (Silver Medal)

Miss N C Davidson

Fourth Year (Gold Medal)

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

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

J H Rens

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

L Menegaldo

A E & C I Prize
For the first year student
obtaining the highest averag
mark.

G L Cragg

CHEMICAL

FINANCE

More socks may be 'dumped' —clothing chief

ARGUS ~~374~~ 184 ~~74~~ 11/2/81

A CONSIGNMENT of more than 1,5-million pairs of socks was dumped on the South African market and 'there is cause to fear' that other shipments will follow, Mr Mike Getz, chairman of the Cape Clothing Manufacturers' Association, claims.

Commenting on a statement by the director of Imports and Exports, Mr W Wilker, that the shipment must be accepted by the garment industry as normal competition in a free market, Mr Getz said the matter was serious enough to merit careful examination.

He did not dispute the right of importers to buy from overseas sources The socks in question represented almost three months' output of a large South Africa producer.

IN THAILAND

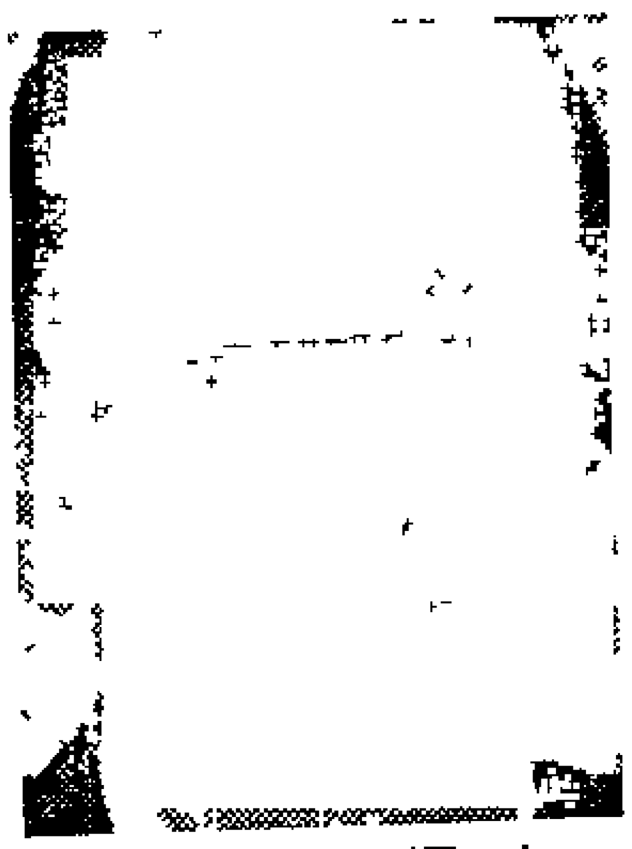
They were made in Thailand and not Taiwan, as was earlier reported The original shipment went to the United States where it was refused entry, then to Germany, where it was again shut out.

The shipment has now come to South Africa on the basis of 18c a pair free on board. This price apparently appeared on the permit granted

'By any standard and taking into account the cost of the yarn, production and freight, these goods were in fact dumped on to our market.'

QUOTA CONTROLS

'These goods were refused entry in the United States and Germany because these countries had quota controls on such imports. They found that the free market mechanism of customs tariffs did not on their own protect their economy against



MR MIKE GETZ, chairman of the Cape Clothing Manufacturers' Association.

dumping and its consequences

Serious disruption and unemployment had been caused in well-diversified Western economies by a flood of Third World imports.

Mr Getz said he agreed with Mr Wilker that the dumping duty provisions of the Customs Act existed to prevent the impact of low-priced imports.

'In practice, the South African Board of Trade and Industries has appeared loath to implement these provisions and in recent years seemed reluctant to use this machinery'

Referring to complaints by the director of the Cape Town Chamber of Commerce, Mr Brian McLeod, about delayed and extended deliveries by local clothing manufacturers, Mr Getz, said it was accepted that these were regrettably happening

But garment manufactures had problems with the supply of their own raw material.

WHOLE CHAIN

In the examples reported to the chamber, South African textile producers were feeling the affects of a world-wide shortage of nylon and this affected the whole chain of supply.

'The position may or may not have been avoided if the clothing industry could import its fabrics freely.

'Our industry has accepted certain limitations to foster the development of a healthy local textile sector, both for strategic and job-providing considerations'

Trade gap with UK mounts

SOUTH AFRICA's unfavourable balance of trade with Britain grew by £67,8-million (about R122-million) or 37,7 percent in 1980

South Africa imported £1 001,8-million worth of goods from Britain, and exported £754,3-million to that country last year.

The corresponding figures for 1979 were £713,4-million and £533,7-million.

Imports from Britain for 1980 were up by 40,4 percent on 1979, while exports were up by 41,3 percent The increased trade gap was thus mainly due to the greater volumes handled.

11 MONTHS

Figures for the first 11 months of last year show that imports were dominated by transport equipment and machinery.

Vehicles accounted for £111,4-million, specialised machinery for £110,2-million, general industrial machinery for £68,8-million and metal working machinery for £26,6-million

Exports were led by non-metallic mineral manufacturers at £158,6-million, followed by metalliferous ores and scrap metal at £124,2-million, fruit and vegetables at £10,5-million and textiles at £26-million.

December 1980 showed at 12,5 percent improvement over December 1979 with £44,2-million received from exports to Britain But imports for the month leapt 67,3 percent to £96,2-million.

The Care-Groups, a Community Involvement in Primary Health Care

E.E. Sutter, M.B., B.CH., D.O.(Eng)
Elim Hospital ...

in the area. This communicable ocular c... single cause of blindness in developing areas in South Africa, especially in the villages it is responsible for a blindne... fied as a water washed disease, which me... where little water is available for hygi... disease is often intrafamilial, the pre... of infection. Blindness is thought to b... infection and is therefore more prevalen... have intimate contact with young childre... regarded by the local population as a no... treatment is not asked for.

It is clear that health education, direc... treatment of actual cases and their fami... level. We have found that members of th... ... are usually readily accepted in the houses and most effective in initiating changes ... attitude towards the disease. Hence we have attempted to involve the villagers themselves in the control of trachoma.

2/..

TEXTILES (184)

Predator problems

FM 20/2/81

The joint memorandum submitted at the end of last year to the Board of Trade and Industries (BTI) by the Textile Federation and the National Clothing Federation requested an effective system of both quantitative controls and regularly updated tariffs to stem the flood of cheap imports

The memorandum resulted in inconclusive dialogue between the federations and the BTI this week The federations have expressed little optimism that government will change its avowed policy to phase out quantitative controls as dictated by Gatt

BTI chairman Basie Kleu says he can't comment on either the memorandum or the discussion Disclosing the focus of Tuesday's discussion would be a breach of confidence, he says

Stan Schlagman, Textile Federation executive director won t talk either "We re dealing with fundamental issues and principles concerning protection of the industries following predatory methods of export by certain countries is all he s prepared to say

The recession still prevailing in the UK, Europe and the US means producers of cheap garments and textiles, mostly Asean countries, seek alternative markets for dumping low-priced exports

The feeling in both the textile and clothing federation is that with government's stated policy to phase out import controls, other than tariffs, SA becomes a prime dumping target

National Clothing Federation director Frank Whitaker is worried about what is happening Import controls and tariffs on textiles and clothing have applied since 1948 But, from the beginning of 1980, permits are issued to importers "not on a quota basis but on a basis of reasonable requirements" The Director of Imports can interpret this as he sees fit

What is particularly worrying, says Whitaker, is that the present control is a "currency control This is quite ineffective when one is dealing with cheap imports We're looking for physical quantitative controls as a backstop to tariffs which are never really that effective"

Whitaker cites the case of the recent import of 1,8m pairs of give-away-priced socks from the East This import represented the equivalent of three-months manufacture by one factory Incidents such as these are totally disruptive to the industry, he says, but are possible because currency control rather than quantitative unit controls provide loopholes for dumped imports

President of the National Clothing Federation Simon Jocum concurs "What's happening is there's overproduction of textiles and clothing in the Far East The price of these finished goods is less than we pay for the raw materials in SA because we're forced to support local industry, which is protected all along the line"

The federations don't want government to "dismantle import control until there's an acceptable effective dual system of moderate tariffs and a measure of quantitative controls"

As he says, the BTI has made a categoric statement that the industries must look to tariff protection and not quantitative controls

But if this is the case, tariff control on clothing "would have to increase very substantially because the last tariff review was in 1974"

FORMATION AND FUNCTIONING OF THE CARE-GROUPS

A hospital based team, consisting of a male social worker and a female nursing assistant, have been entrusted with the task to motivate and train groups of village health workers, known as care-groups.

Initially, after having contacted the village authorities and key persons, the team presented the problem of trachoma to the community and they discussed together ways of solving it. Members of the community were then motivated to come forward as volunteers. These villagers, mainly women, subsequently organised themselves as groups and elected their chairlady. It was made clear from the outset that the w rk was purely voluntary, their reward being good health for themsel s and their community.

Later communities which had heard about Care-Groups often requested help to establish their own groups. In these cases initial priority was given to the health needs expressed by the community concerned.

The training of the Care-Group is a continuous process and takes place each time the motivators visit the group. In places where there is a clinic the clinic staff works together with the group, advising and continuing the education.

n the Nor thern Transvaal trachoma is considered to be a suitable means o introduce primary health care into a community. It is well known to all, ts relation to hygiene is easily understood, treatment can be given by the are-Group and is seen to be effective. The group members are quick in nderstanding and recognising the disease and in learning to evert the upper lid, the sole method of detecting trachoma.

...ever the subject of health education ...

...

RDM 25/2/81 (184-174)

'Clothing imports disturbing'

CAPE TOWN — While the clothing industry export figures for the first nine months of 1980 compared favourably with those for 1979, a disturbing increase was seen in clothing imports, according to the president of the National Clothing Federation (NCF), Mr Simon Jocum

Comparing freight-on-board values, clothing industry export figures for the nine months to last September of R28 500 000 go against R32-million for the whole of 1979

Mr Jocum said the figures were encouraging and showed that the South African clothing industry was holding its own in world markets despite recessions in many overseas countries

For imports, however, Mr Jocum said the picture was disturbing, with the fob value of imports for the nine months to last September at R44-million compared with a total for 1979 of R47-million

The monetary value might not seem great but the units were high and could be as much as 20% of local production in certain sectors of the industry

Mr Jocum said the increase had stemmed from garments being imported mainly from the Far East like Taiwan and Hong Kong

Clothing manufacturers in those countries were being forced to look for new markets, especially those with economies, like South Africa, which remained buoyant This "distress" merchandise has been refused entry into Western countries by quota controls

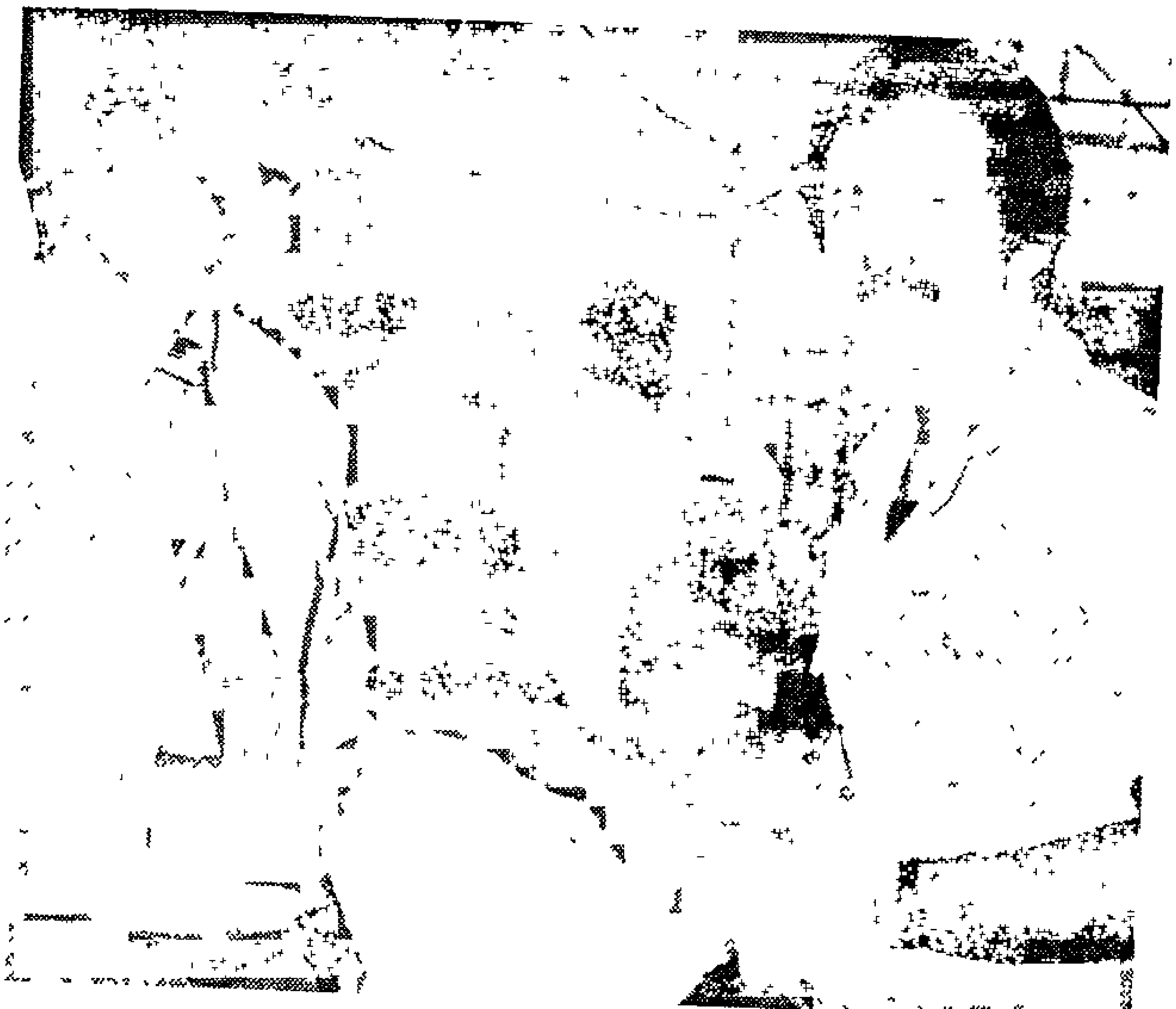
The clothing industry in South Africa was unhappy with this, particularly because it had to support the local textile industry and prices of imported garments landing in this country were less than the cost of basic raw materials to local buyers

This could lead to unemployment in the local clothing industry if the trend continued in a sector already highly competive and labour intensive

Mr Jocum said that the NCF had held meetings with representatives of the Board of Trade and Industries to discuss the problem and had stressed these points with a view to reaching a formula acceptable to both the BTI and NCF

If import control was to be dismantled, the clothing industry would have to rely on a higher tariff structure than it had

The present customs structure did not prevent dumped clothing from being detected until it was too late Once the safety net of import control was removed, there had to be a drastic revision of import tariffs for the importation of clothing These were last adjusted in 1974 — Sapa



UNDERWEAR made in Atlantis is inspected by Val-Hau directors Mr Jack Oliver (left), general manager of the factory, and Mr Jeremy Chaitman

Atlantis clothing factory trebles in size

Argus 28/2/81

84 ~~45~~ 87

THE R1,75-million Atlantis clothing factory of Val-Hau has trebled in size in four years to become one of the new town's biggest employers.

The factory started with only 14 workers and now employs almost 300

The 45-year-old lingerie manufacturer opened in Atlantis because its Salt River factory could not cope with growing business

FULLY BOOKED

Although the latest extension is in full swing, Val-Hau says, it still has difficulty in meeting orders and its production at both factories is fully booked to the end of the year

'We are having to refuse home orders because it would mean sacrificing some of our export business,' says the chairman, Mr Rubie Chaitman.

The Salt River factory is also choc-a-bloc so the company may need to consider another expansion.

MORE MONEY

The Atlantis factory has produced new problems, however More money and effort has to be spent on training inexperienced workers while management staff have to commute from Cape Town to make up the skills lacking in Atlantis

● Atlantis now has 51 industrialists operating from 46 buildings and employing more than 6 500 workers.

Between 15 and 20 companies with fixed land reservations are expected to open factories this year and provide between 3 500 and 5 000 jobs

Clothing unions want 20pc more

13/1/81

Labour Reporter

Two major clothing unions have demanded a 10 percent increase in wages in addition to another 10 percent promised by management in July

The Garment Workers' Union of South Africa and the National Union of Clothing Workers have called for the extra wage increase to combat increasing cost-of-living rises

Workers in the clothing industry were due for a 10 percent pay rise in July from the Transvaal Clothing Manufacturers' Association

Garment Workers' Union president, Dr Anna Scheepers, said that wage negotiations should take place on an annual basis to meet current consumer problems

"With the cost of living having run ahead of increases over many years, the workers are far worse off now than they were in 1960 This can no longer be tolerated," Dr Scheepers said

"Food prices are going up so fast that in future we shall have to negotiate annually

The two unions represent more than 25 000 workers and are affiliated to the Trade Union Council of South Africa the demand for the services which it covers and in South Africa, medical aid benefits apply to 73 per cent of the White population(25)

A racial allocation of the distribution of public sector expenditu[illegible] cannot be made accurately, and even hospital costs and subsidies [illegible] are the biggest items of expenditure) cannot be divided by race [illegible] indication of the distribution of these services can however be gained from indexes of the physical quantity supplied, and an [illegible] of the quality of the services can be gained from the analysis of expenditure patterns in racially segregated hospitals.

General hospitals account for 77 per cent of all beds provided in [illegible] public sector, and Table 10 shows the racial distribution of the s[illegible] of these hospitals and the racial distribution of services in subs[illegible] hospitals. In 1959 and 1974, beds for Blacks accounted for 68 [illegible] per cent of total beds The proportion of hospital services rece[illegible] by Blacks was, however, larger than this as Blacks accounted for 82 per cent of patient days, and 81 and 82 per cent of outpatient attendances in 1959 and 1974 The percentage of White beds o[illegible] was low in both years and indicates substantial excess capacity [illegible] supply of White services, while Black beds in both years were int[illegible] used. The results of Table 10 indicate a change in the emphasis [illegible] treatment particularly for Whites, with the ratio of inpatient da[illegible] outpatient attendances falling from 2,5 to 1,4.

Table 10 The Racial Distribution of Provincial and [illegible] and Hospital Services and [illegible]

400 women strike at clothing factory

Sowetan 4/3/[illegible]

By Z B MOLEFE

AN estimated 400 women at a clothing factory in Nancefield near Kliptown are on strike following a wage dispute on Monday.

Sources in the factory told the SOWETAN that they had gone on strike because of their low wages and poor working conditions At the time of going to Press it was claimed that more than 400 employees were on strike.

The sources also alleged that beginners at the factory earned R13 a week while machinists earned R23 a week. They also said, for the hours they worked their wages were low; 7 am—5 pm on weekdays and 7 am—4 30 pm on Saturdays overtime.

Claimed Miss Y: "Working conditions in that factory are terrible. The money we earned was peanuts and it could not meet our basic living costs Anyway, we worked there because it was the next best thing to idling in Soweto. We couldn't take it any longer."

Another young woman who talked to reporters in Kliptown confirmed what Miss Y had said. When reporters tried to photograph her, she warned: "You people want me to be assaulted in the factory?."

This later was understood to mean that the woman was alleging that one of their bosses usually assaulted them when they had committed a mistake in their jobs

Mr H Fineberg, financial director of the factory, would not talk to the SOWETAN and instead referred us to Mr Terence Kennier of the Transvaal Clothing Manufacturers' Association.

Yesterday, the Garment Workers Union and the National Union of Clothing Workers, which represents more than 25 000 workers, demanded a ten percent increase in wages in addition to another ten percent promised by management in July.

"With the cost of living having run ahead of increases over many years, the workers are far worse off now than they were in 1960. This cannot be tolerated. Food prices are going up so fast that in future we shall have to negotiate annually," said Dr Anna Scheepers, president of the Garment Workers Union.

Said Mr Kennier: "As far as we are concerned the workers at the Kliptown factory have gone on strike illegally. We don't believe it has anything to do with us."

A well-placed source in the Union of Clothing Workers also told the SOWETAN that the workers in the Kliptown factory had demanded an increase of R3 in their weekly pay but "their management is adamant that they will stick to the association's agreements"

(25) See Klaarman, ibid., pp 31-36, Data on medical aid membership is from the Report of the Secretary for Health, op cit., Annexure 17 Medical Aid Schemes covered only 14 per cent of the whole population.

GEN

Union gets registered

5/8/81

31/5/81

Labour Reporter

The National Union of Clothing Workers was registered last week giving the union the formal right to engage in wage negotiations

An excited Mrs Lucy Mvubelo secretary of the union said the union had applied for registration in December 1979 and had received its certificate on Thursday

"It was a long, long wait but it was definitely worth it," Mrs Mvubelo said

"Now we will be able to negotiate for our workers at all levels"

The National Union of Clothing Workers, which is a member union of the Trade Union Council of South Africa (Tucsa), has more than 20 000 members

Mrs Mvubelo said the clothing union had in the past been involved informally in wage negotiations

"Now we are legal," she said

184

Strikers go back as demand is met

Labour Reporter

About 360 striking workers at a clothing factory at Nancefield, Johannesburg, returned to work today.

The entire work force of Cutrite Apparel returned today after a walk-out on Monday over a wage dispute.

Workers called for a R3 a week increase — a rise given to staff at another nearby clothing firm last month.

Special meetings of the Transvaal Industrial Council for the Clothing Industry were held yesterday and again today to resolve the dispute.

Dr Anna Scheepers, president of the Garment Workers' Union which represents the workers, said that wages had to be increased because of considerate cost of living increases.

The managing director of the Cutrite Apparel company, Mr Sydney Cope, told The Star workers had returned while talks continued. He had agreed to increases, which would be back-dated to February 18 — the date on which new wages were instituted at a nearby factory.

He said that about 55 percent of the workers at Cutrite already received above the minimum weekly wage set down in the industrial council agreement.

RDM 6/3/81

Clothing wage talks adjourned

184 ~~172~~ 135 ~~137~~

Labour Correspondent

SPECIAL wage talks between unions and employers in the Transvaal clothing industry were adjourned yesterday and will be continued today

The unions involved — the National Union of Clothing Workers and the Garment Workers' Union of SA — are demanding a 10% wage increase in addition to a 10% increase due in July

Mr Jimmy Thomas, secretary of the Industrial Council for the Clothing Industry in the Transvaal, would not comment on the progress of the talks yesterday

Meanwhile, almost 400 coloured and black clothing workers are still on strike at Cut-Rite Apparel Manufacturers in Nancefield, near Kliptown They went on strike on Monday after demands for an immediate R3 a week increase were turned down

Clothing strike continues

By Z B MOLEFE

THE MANAGING director of the strike-hit clothing factory in Nancefield, near Kliptown, yesterday appealed to trade unions to tackle the problem on a business-like basis

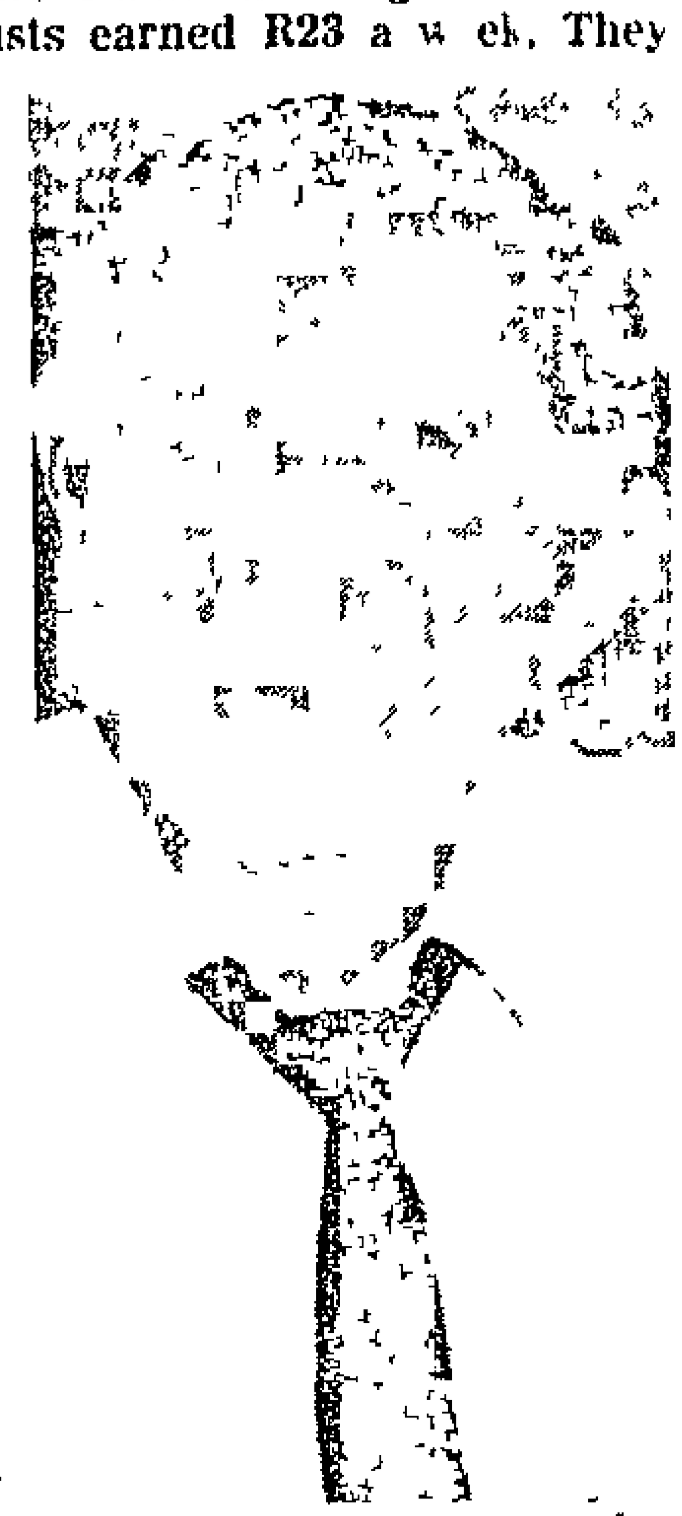
Mr Syd Cope was reacting to a story published in SOWETAN which said an estimated 400 women employees went on strike on Monday at his factory after alleging low wages and poor working conditions In fact, 370 men and women are on strike

By yesterday the workers had not yet returned to work, according to a company spokesman.

"The factory is empty," he said "We are waiting for them to come tomorrow (Friday)."

Yesterday the Garment Workers Union appealed to workers to go back The president of the union, Dr A Scheepers said if the workers were back at work the task of negotiating with the employers would be made easier Dr Scheepers said negotiations were continuing today.

Some workers on strike claim that beginners earn R13 a week while machinists earned R23 a week. They also claimed they worked 7 am-5 pm on weekdays and 7 am-4,30 pm on Saturdays as overtime.



Mr Syd Cope, managing director of the clothing factory whose workforce is on strike.

According to Mr Cope, who met SOWETAN in a meeting with a few of the factory's executives, the women earned far more than the wages laid down by their union and Industrial Council agreement.

"We are paying the minimum wages laid down by these two bodies In fact, over 50 percent of our workforce are receiving more than that," said Mr Cope.

The union rate for a qualified machinist is R29,60c a week, but there were machinists earning R42, R33, R39 and R40 a week at the Nancefield factory, he said Pressers earned R40 R44 weekly while the minimum union rate is R32,60

On what general workers were earning, Mr Cope said R13 a week was a union minimum. Explaining this further he said his factory still paid more than this as was the case with another worker who after two weeks was earning R24,50 "We look at how our workers are progressing individually."

SOWETAN wanted to know what could be the cause of the strike if the workers were earning these attractive wages? Mr Cope said it must be understood that he was not against his workers receiving increases, "but we have to abide with negotiations between us and the unions," he added.

He then declared that he is not going to jeopardise his position while small factories offered their workers "fantastic" wages "I hope when my workers report here on Friday for their wages we will sort this out. I feel that the unions should tackle this on a business-like basis," continued Mr Cope

Asked about the hours the workers worked, he said they worked the stipulated 40 hours for a five-day week as laid down by the unions and the Industrial Council. On working overtime, they are paid one-and-a-half time for that particular day. This means they are paid for eight hours plus another half of their wage — "everything is worked relatively on their weekly rate."

Reporters were taken on a conducted tour of the factory premises. According to Mr Cope other benefits the workers enjoyed were medical attention from a doctor assisted by a nursing sister, a group life insurance scheme for employees with more than 20 years service and Putco buses to transport them to and from work each morning and afternoon.

12OM 7/3/87

Workers end strike at Cut-Rite

Labour Correspondent 182 184

THE week-long strike by all black and coloured workers at Cut-Rite Apparel Manufacturers in Nancefield ended yesterday

The 400 workers agreed to return to work and to await the outcome of pay negotiations between unions and employers in the Transvaal clothing industry

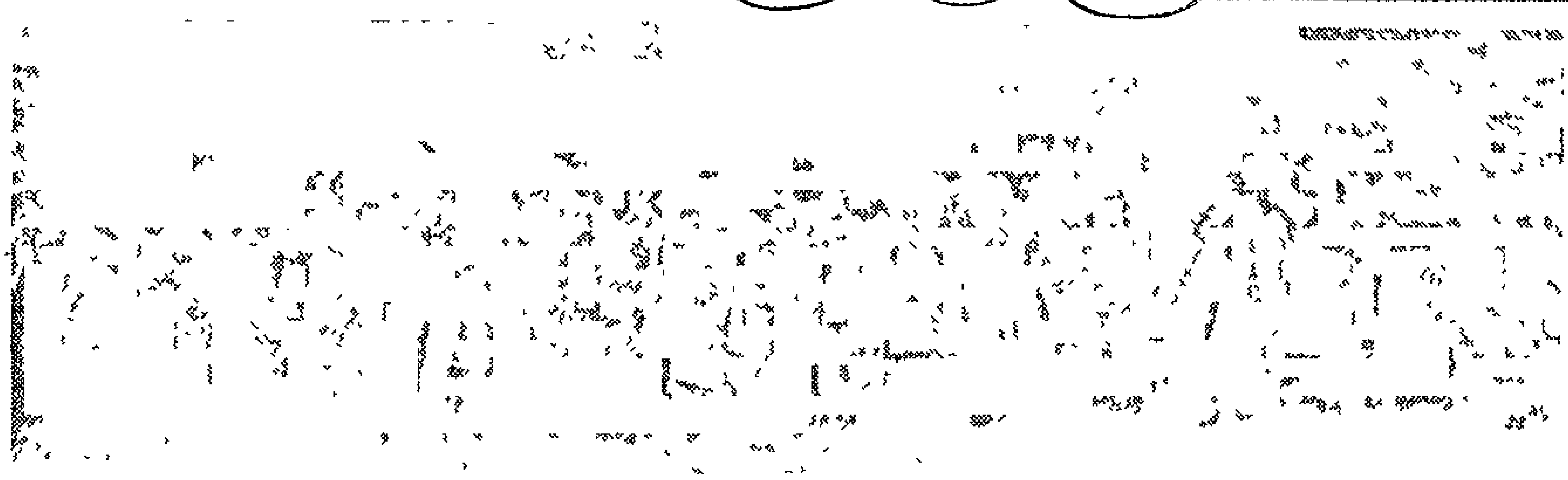
The factory had been at a standstill since Monday when the workers went on strike in support of a R3 a week pay increase

Mr Jimmy Thomas, secretary of the Transvaal Industrial Council for the Clothing Industry, said no final agreement had been reached in pay negotiations although a "lot of progress" had been made

The Transvaal Clothing Manufacturers' Association will hold an executive meeting on Tuesday, and the industrial council would meet again on Thursday when an agreement was likely to be reached

He would not comment further on the talks

D.D. 7/3/81 (184)



Some of the workers who downed tools and were ordered to leave the premises, outside the Berkshire International factory yesterday.

Police disperse striking clothing factory women

EAST LONDON — Police were called in to disperse more than 300 women workers who downed tools in a section of the Berkshire factory here yesterday morning

The police public relations officer, Major W W. Brown, said police had been asked to assist after 325 black and coloured women had downed tools

He said the officer in charge of the unit that went to the factory told the workers they were committing an offence by being involved in an illegal strike and they should leave the premises

Major Brown said the workers obeyed the order and there were no incidents and no arrests

A worker, Mrs T Kanana, who said she and Miss Caroline Thomas had been accused by management of having incited workers to strike, said trouble started when the factory's production manager, a Mr Fletcher, resigned

"He was replaced by Mr Mitchley and since the change many workers had problems with their production bonuses," she said

She said that after they had downed tools on Thursday afternoon two officials from the Department of Manpower Utilisation, Mr Hoyana and a Mr Swartz, had addressed them and told them management had said they were refusing to accept R43 a week

"We told them we were earning R28 a week and that even with the production bonus we did not get R43 a week"

Mrs Kanana said workers in the LeeJeans department downed tools on Thursday afternoon after several abortive attempts to get management to work out an acceptable solution to the grievance

She said they were told by management they would have to start work or be out of the factory by 6 30 am yesterday

At 6 30 they were told they were being given until 7 am to leave the premises

She said police with quirts and batons arrived after 7 am Coloured workers had been told to leave before police arrived

In a statement yesterday the managing director of Berkshire International, Mr Mike Strong, said

"A work stoppage over a request for the withdrawal of an existing basic wage plus incentive bonus scheme and its replacement by an enhanced basic weekly wage has taken place in one section of the factory

"At a meeting of members of the liaison committee attended by representatives of the Department of Manpower Utilisation no other grievances were expressed

"Several efforts were made to persuade personnel to resume work but to no avail, and the stage was reached where the failure to re-start had to be taken as a breach of contract in which the workers effectively discharged themselves

"The company will be engaging labour as from Monday, March 9, and the personnel involved who wish to return to work have been advised that they may re-apply for employment at that time" — DDR

meat, milk, clothing, rations, grazing rights, Christmas presents, and medical payments, translated into weekly terms. In making these calculations, 'unlimited' and 'erratic' milk rations have been entered as average - 15,1 litres of skim milk a week, valued at about 30c. No figures have been imputed where values are unknown.

Omissions from these estimates ...

60 000 WORK IN CAPE CLOTHING PLANTS

Argus 7/3/81

184

THE number of people employed in the Cape clothing industry rose by 5 500 last year to a record 60 000. This means that one in four industrial workers in the area is employed by the clothing industry.

By TOM HOOD

However, this situation is threatened by increasing imports of clothing, warns Mr Alex Rosenberg, chairman of the Industrial Council for the Clothing Industry

The council's annual report shows there are now 350 clothing and knitwear factories in the area falling under the jurisdiction of the industrial council

Altogether more than R100-million is paid out by the industry every year in salaries and wages — equal to about R2-million a week

Mr Rosenberg says the most recent statistics show that while clothing prices rose by 9,1 percent in 1980 the prices of raw materials to the industry rose by 11,8 percent and wholesale prices generally by 15,3 percent

Production of the clothing industry for the country overall rose by 15,7 percent which showed that clothing manufacturers were able to contain prices by improved productivity

This was borne out by export figures which showed a 10 percent rise in export sales for clothing last year.

However, imports of clothing into South Africa increased by 26 percent

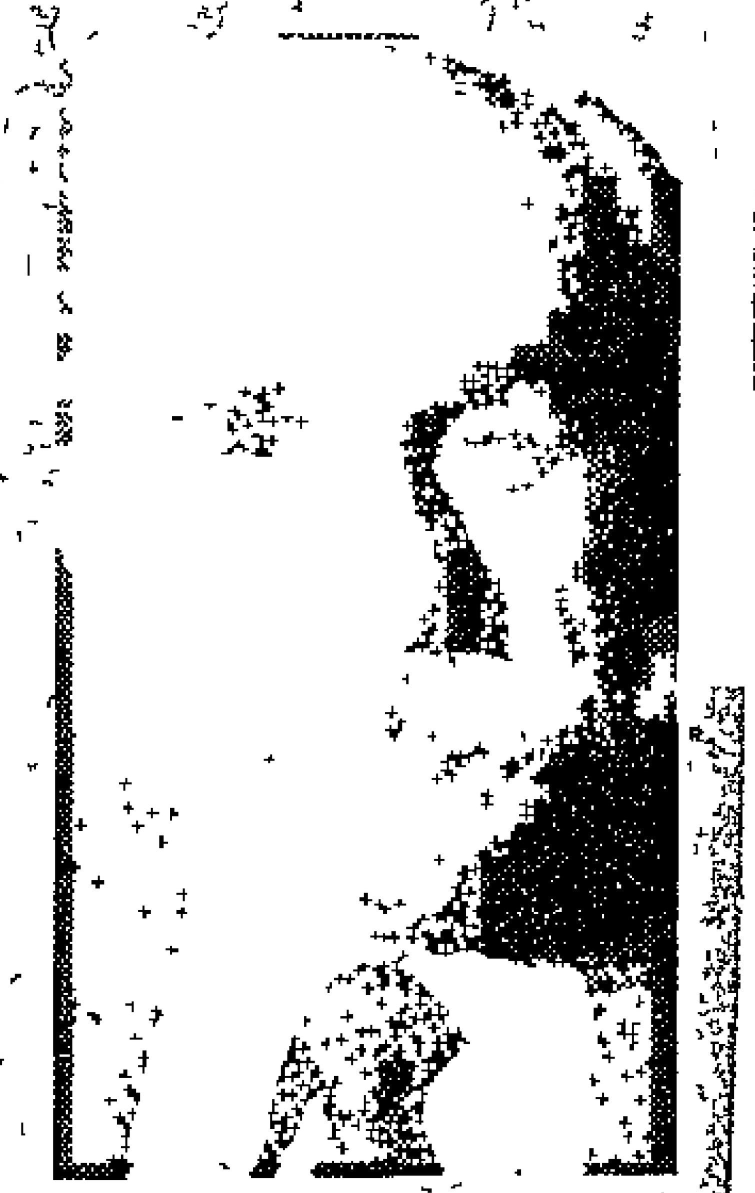
'This trend for imports to increase at a rate faster than the improvement in local production can, if it continues into the future, be a matter of serious concern to the Western Cape, the future of which is so closely clothing industry clothing industry'

'It cannot be too strongly emphasised that the economic well-being of the Western Cape is to a tremendous extent dependent on the clothing industry.

'If the clothing industry in the Cape loses its ability to create new jobs and to keep those already created, the effect will be felt more widely than just in the industry itself, with a depressing effect on the area as a whole'

These problems and fears have been brought to the urgent attention of the Board of Trade and Industries by the National Clothing Federation

The tempo of business activity in the industry is showing no signs of declining. Growth this year is likely to continue, but perhaps at a slightly slower pace.



MR A M ROSENBERG, chairman, Industrial Council for the Clothing Industry (Cape).

Merger move by two SA clothing giants

Argus 9/3/81 ~~22~~ ~~30~~ 184

TWO of the country's clothing giants, Woolworths and Truworths, plan to merge

If the deal goes through, it will result in the creation of a company with assets of more than R130-million

Joint annual sales are more than R300 million

Both companies are Cape Town-based and are market leaders

Woolworths has branches throughout the country selling clothing and some foods

Truworths, is one of the top two in the women's fashion clothing business with more than 400 stores

It is also one of the biggest manufacturers in the country of women's wear with a number of factories scattered around the Western Cape

The two companies announced today that they had agreed in principle to merge

However, the merger would be subject to undisclosed conditions and another announcement would be made on March 16

The stock exchange listings of the two companies have been suspended until that date

The shares of Bonmore, which controls Truworths, have also been suspended

Woolworths, Truworths talking

EPM 10/3/81

~~30~~ 184

R350m turnover clothing colossus

By DAVID CARTE
Deputy Financial Editor

A HUGE retail clothing group with sales of about R350-million and pre-tax profit of more than R50-million will come into being if Woolworths and Truworths clinch merger talks, announced yesterday

The merged group would vie with Edgars as SA's biggest clothing retailer

Merchant bank Union Acceptances says the parties have agreed in principle to the merger. But terms of the deal are still being negotiated and both companies refused to comment on any aspect of it yesterday.

Woolworths is valued by the stock market at R169-million and Truworths at R25-million

This is the second proposed merger in the clothing industry in less than a week On Friday, the largest clothing manufacturer, Seardel Investments, announced negotiations with Dubin, which could form a manufacturing giant with sales of R250-million and pre tax profit of R22-million

The shares of Woolworths, Truworths and Bonmore, which holds 49% of Truworths, were all suspended by the Johannesburg Stock Exchange for the duration of the talks

Mr Fred Kossuth, financial director of Woolworths, said the negotiations might be completed this week

The merger represents a major change of direction for two highly dissimilar companies

Woolworths operates 67 large stores all over South Africa and sells basic, non-fashion clothing, stressing value for money, cash only

Truworths, on the other hand, has 372 smaller stores and boutiques, trading under the names of Truworths, Topic, Top Centre and Harmells and sells fashion clothing mainly on credit

While Truworths has been a large borrower, Woolworths has been conservatively financed and has generally kept large cash balances

In the year to May 31, 1980, Woolworths reported sales of R193-million, pre-tax profit of R30 500 000 and taxed attributable profit of R18 317 000

At the half-year to November 30, sales were 29,5% and pre tax profit 32% better

Analysts were expecting both to improve by at least 25% on the year, suggesting sales in the year to May of R242-million and pre-tax profit of R38-million

Truworths, in the year to June 30, 1980, had sales of R118 500 000 and pre-tax profit of R11 300 000 before inflation adjustment In the six months to December 1980 sales rose 29% and pre-tax profit 77%

Analysts were looking for a 25% sales and 50% pre-tax profit increase for the year, suggesting sales of R147-million and pre-tax profit of R13 500 000

This means combined sales could be R389-million and pre-tax profit R51 500 000

Edgars, the combined group's major rival, last year had sales of R296 500 000 and pre-tax profit of R33 143 000 At the interim sales were up 35% and pre-tax profit 51% If this pace is maintained, sales in the current year will be nearly R400 million and pre-tax profit nearly R50-million

Mr Adrian Bellamy, managing director of Edgars, said he was "not surprised" that Woolworths and Truworths were getting together

Edgars, he disclosed, had had a look at Truworths more than two years ago and knew it was looking for a partner Edgars had decided parts of Truworths' activities were too similar to its own Edgars was not interested in boutiques

He believed a merger between Truworths and Woolworths was "very sensible" and would result in a formidable group He was not perturbed at the threat to Edgars' No 1 position

"It just gives us a higher target to aim at," he said

COMMENT· There should be major benefits to both companies Both will no doubt retain their identities, images and philosophies But each can clearly gain from the other

Woolworths has been a bit stodgy financially and in the fashions it sells It could use some of Truworths' flair in these regions, as well as in marketing.

Truworths will benefit by association with Woolworths' quality reputation — in merchandise and in the stock market, which has long regarded Woolworths as the blue chip of the clothing sector Woolworths could be a useful customer for Truworths' clothing factories

Truworths might also be able to use some of Woolworths' large cash balances.

Finally, there will be the usual rationalisation benefits with major savings in distribution and administration costs

RDM 10/3/81 (232) (30) (184)

Second clothing merger looms

By DAVID CARTE
Deputy Financial Editor

A HUGE retail clothing group, with sales of about R350-million and pre-tax profit of more than R50-million, will come into being if Woolworths and Truworths clinch merger talks, it was announced yesterday

The merged group would vie with Edgars as the country's biggest clothing retailer

Merchant bank, Union Acceptances Limited, said the parties had "agreed in principle" to the merger But terms of the deal are still being negotiated Both companies refused to make any comment yesterday

Woolworths is valued by the stock market at R169-million and Truworths at R25-million

This is the second proposed merger in the clothing industry in less than a week On Friday, the country's largest clothing manufacturer, Seardel Investments, announced negotiations with Dubin, which could form a manufacturing giant, with sales of R250-million and pre-tax profit of R22-million

Mr Fred Kossuth financial director of Woolworths said the negotiations may be completed this week The merger represents a major change of direction for two highly dissimilar companies

See Page 12

Not all are rehired at Berkshire

(184)

5 Dm 11/3/81

Most of the workers dismissed after last week's stoppage at the Berkshire International clothing factory in East London have been re-employed without loss of service benefits, management has said

But according to a spokesman for the South African Allied Workers Union (SAAWU), close to 100 workers have not been taken back

BONUS SCHEME

About 300 black and coloured women stopped work last Thursday, demanding the withdrawal of an unpopular production bonus scheme They were later ordered to vacate the premises by police

The entire workforce then stopped work in sympathy, the union spokesman said, and all workers were told to report for re-engagement after the weekend.

The bonus scheme had worked smoothly until the company's production manager was replaced, the spokesman said, and unrealistically high production goals were instituted

DERKSHIRE FM 13/3/81

Expansion needed

184

Activities *Manufactures women's hosiery, knitwear and clothing particularly denim jeans. Berkshire International (US) holds 50.7% of the equity.*
Chairman *M Belchers, managing director M I Strong*
Capital structure *1,6m ordinaries of 50c, 50 000 6% red cum prefs of R2. Market capitalisation R3.7m.*
Financial *Year to January 3, 1981.*
Borrowings Long- and medium-term, R700 000, Net cash R702 000 Debt equity ratio 13.5% Current ratio 4,1, Group cash flow R1,4m Capital commitments R730 000
Share market *Price 230c (1980-81 high, 280c, low 135c, trading volume last quarter, 7 500 shares) Yields 36,7% on earnings, 9,8% on dividend Cover 3,7 PE ratio 2,7*

	77	'78	'79	'80
Return on cap %	27 0	23 5	36 7	33 6
Turnover index*	234	276	392	431
Pre tax profit (Rm)	1 1	1,1	2 0	2 0
Earnings (c)	42,4	48 8	74 6	84 3
Dividends (c)	3 75	5 0	10 0	22 5
Net asset value (c)	186	229	290	348

* Index 1973=100

Berkshire's R500 000 expansion and modernisation programme this year, on top of normal capex commitments of R230 000, is coming not a moment too soon it seems. For, with turnover value up only 10% over the year, pre-tax profits were virtually stagnant and it is clear that the company is bumping against production ceilings.

Fortunately decentralisation tax benefits helped push up taxed earnings by just over 10%, but this still does not reflect real growth despite what should have been boom conditions for a consumer-orientated company such as this. Sales in the previous year rose 43% and attributable profits were 53% higher.

Financially, the group is in a good position to fund its expansion. Cash flow should easily exceed the amount required for new plant and equipment which is most urgently needed in the Lee jeans division. A R672 000 loan from the US parent was repaid during the year and replaced by cheaper local funds.

With normal growth in the permanent capital base the debt equity ratio is now only 13,5% (16,6%) and net cash is sufficient to repay the longer-term borrowings. And with the US company cutting its stake to just over 50% — from 70% the previous year — at the same time as borrowing restrictions on foreign-owned companies were lifted by the SA authorities there would certainly be no problems raising outside finance if this were required.

The obvious bottlenecks in the production process are shown up by a slightly reduced gross return on capital, though this nevertheless remains fairly high at almost 34%*(37%). And with the accumulated depreciation figure in the balance sheet at 74% of the cost and valuation of the fixed assets, it is clear that a new injection of production capacity is required.

The group's Zimbabwe subsidiary performed poorly during the year despite higher sales levels, and trading profit declined. Foreign exchange limitations are strapping expansion and chairman Michael Belchers is reluctant to make any forecast on future earnings.

Belchers sees maintained profits for the group in 1981, and adds that the 22,5c dividend (10c) — a welcome relaxation of previous dividend policy — will be at least equalled. However, with cover still at 3,7 times, there could be room for a further payout improvement, despite the decision to finance expansion internally.

At the current price of 240c, the share yields an historic 9.4%. A higher dividend this year could make the counter fairly attractive, but it is essential that the group gear up its production capacity to cope with increased demand in the future.

Scott Hacker

EVALUATION OF A COMMUNITY APPROACH TO PREVENTABLE

DISEASE IN GAZA[

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1. INTRODUCTION

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3. PROBLEMS WITH THE SURVEY

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During this survey we found that
answers were difficult to communi
little significance to them. Ins

*refer to 1) A Primary Health Car
B. Sutter (paper no
2) Further Health Care
P.W. Kok (paper no.

2.

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ies and vegetable gardens.
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l have guarded against the probable cultural bias
our questions.
hospital staff and trainee-teachers as interpreters,
students wrote down answers and checked for inconsis-
tainly problems arose from this situation:-
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fact that we, the white student interviewers could
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er for the correct interpretation of the answers
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AND DISCUSSION

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he house, i.e. the establishment of pit-latrines.
ive effort made was the dispensing of tetracycline
y the care-group members when any signs of trachoma

STAR 13/3/81 (184)

Clothing unions win wage rises

Labour Reporter

The Garment Workers' Union yesterday successfully negotiated an 11,5 percent wage increase for qualified workers in the clothing industry.

Dr Anna Scheepers, president of the union, said that negotiations with the Transvaal Clothing Manufacturers' Association were very difficult. The union had originally demanded an immediate 10 percent and an additional four percent in July.

The new across-the-board increase will come into effect from April 1.

Beginners in the industry will receive the highest increases — an extra R5 a week.

Dr Scheepers also said they were negotiating new wages for workers in the knitting industry.

Seardel pays over R16m for Dubin

RDM 14/3/81

(184)

By DAVID CARTE

Deputy Financial Editor

SEARDEL, SA's biggest clothing maker, has successfully concluded negotiations for the acquisition of Dubin, another clothing major, for an effective price tag of more than R16-million.

The enlarged company will have sales of more than R260-million and pre-tax profit of about R22-million and will be far bigger than SA's second-biggest clothing manufacturer.

Until this acquisition Seardel specialised mainly in women's clothes. Now, through Dubin's Man-About-Town franchise, it will be a major force in men's clothes as well. Both companies have important non-clothing interests.

Seardel representatives will be appointed to the Dubin board and Mr Abe Dubin will continue as chief executive of Dubin.

Dubin shareholders are being offered R160 a 100 Dubin shares. There are 10 200 000 shares in issue, putting a price of more than R16-million on the deal.

Because a premium is being paid on Dubin's net asssets, Seardel's asset value will be reduced by 24c a share, but after taking account of new shares to be issued, earnings a share will increase by 23c.

Seardel's capital base of R17 700 000 will be more than doubled.

The price payable will be discharged by the issue of six new Seardel shares at 700c and 16 Seardel convertible cum pref shares at 700c and a R6 cash payment for every 100 Dubins held.

The new Seardel shares will rank for Seardel's recent 8,5c final dividend, but Dubin shareholders will not receive Dubin's 8,5c final. The new Seardel shares will not rank for Seardel's interim dividend, which is expected by analysts to be between 3c and 4c.

Dubin shareholders have the right to elect cash instead of the Seardel convertible prefs.

Thus, a holder of 100 Dubin shares will receive R118 cash and six Seardel shares under the cash alternative.

The Dubin 14% convertible pref holders will receive for each 70 prefs the same consideration as ordinary shareholders as well as the pref dividend for the six months to December.

The 5,5% cum pref holders in Dubin will receive, for each cum pref 25c cash plus one 12,5% R1 redeemable pref in July 1981.

Seardel clinches R16m takeover of Dubin

CT 14/3/81 (282) 184

By DAVID CARTE

JOHANNESBURG — Seardel, SA's biggest clothing maker, has successfully concluded negotiations for the acquisition of Dubin, another clothing major, for an effective price tag of more than R16m.

The enlarged company will have sales of more than R260m and pre-tax profit of about R22m and will be far bigger than the country's second biggest clothing manufacturer

Until this acquisition, Seardel specialized mainly in women's clothes Now, through Dubin's, Man-About-Town franchise, it will be a major force in men's clothes as well Both companies have important non-clothing interests as well

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Seardel's capital base of R17 700 000 will be more than doubled as a result of the deal

The price payable with be discharged by the issue of six new Seardel shares at 700c and 16 Seardel convertible cumulative preference shares at 700c and a R6 cash payment for every 100 Dubins held

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Huge expansion plan spells trust in growth in Eighties

S. Times 15/3/81

(183) (185) (184)

ANGLO-ALPHA OPTIONS INCLUDE SALDANHA FACTORY

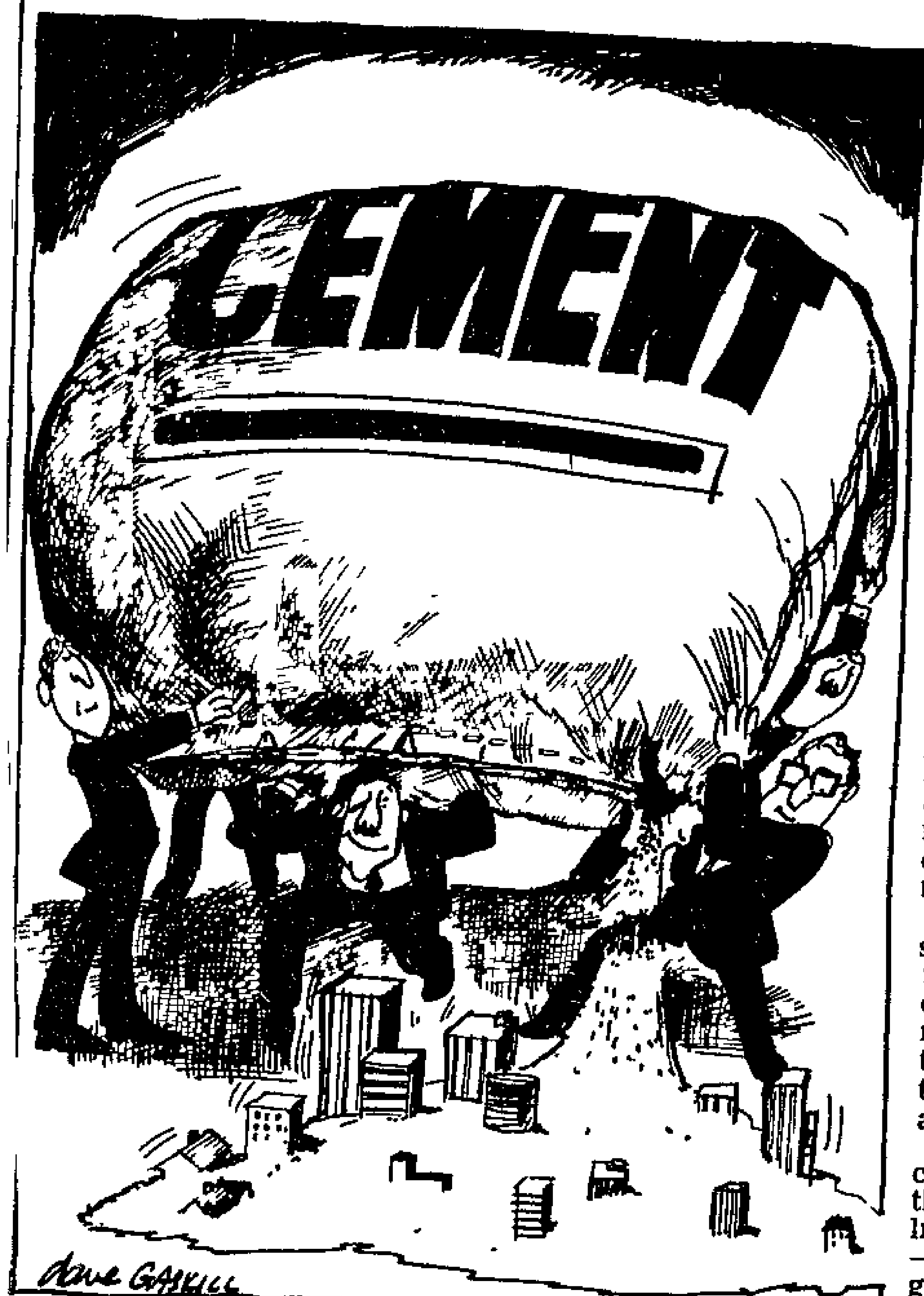
By Stephen Orpen

ALMOST R400-million is to be spent on expansion and renewal by cement conglomerate Anglo-Alpha.

Of some R368-million earmarked for investment in the next five years, R238-million is for expansion and R130-million for replacements

Expansion options include a new factory at Saldanha and a dry-process plant at Ulco in the north-western Cape.

Revealed today, Anglo-Alpha's capex figures lift planned capital spending announced by key companies in the cement industry as a whole to more than R1 000-million



The message for the country is clear

First, cement-producers, at least, are optimistic about the rate of growth in the building and construction industries in the Eighties An annual average growth of at least 5% (less than half last year's performance) is the conservative consensus

Secondly, the cement industry seems to be hopeful that the current Government probe into the pros and cons of price-controlling the industry on the existing basis will yield pleasing results

Last year even optimistic industry watchers were surprised by the surge in growth in cement sales. They expected a record domestic sales year

But not the actual year-on-year sales lift of 21% to 7,4-million tons — which accelerated as fourth-quarter sales reached 1,9-million tons, an increase of 26% over the comparable period in 1979

Anglo-Alpha's expansion is slated to cost almost double that announced so far by any other cement producer and is impressive even allowing for the current size and strength of the company, with assets now above R350-million

Regarding performance, the company last year featured in the elite Business Times short list of five "Royal" companies — those whose annual earnings growth over five years has consistently topped 20%

The new annual report shows that in the past five years Anglo-Alpha's per-share earnings growth rate has now climbed to a dizzy 35%, sharply upped by the latest results

The preliminary figures for 1980 reflected a leap of 60% in operating profit in the second half of the year compared with the first half, and by 70% for the year as a whole to R50,9-million (R29,9-million)

Earnings per share are up to 70,8c (33,7c) and the annual dividends have reached 27c (17,5) covered 2,6 times

Why such bold new expansion plans following years in which the cement industry has complained about starvation cement prices as set by the Price Controller?

Industry sources reiterate that producers could be expecting good news from the Competition Board, under chairman David Mouton, which is looking at eight industries, with a particular eye on the necessity of maintaining Government-set prices

At the same time, Anglo-Alpha chairman Mr H Byland notes that a substantial proportion of his company's new capital spending "is dependent on further improvement in price-controlled returns"

With turnover now at R189-million (R138-million), Anglo-Alpha is involved in the production of cement, lime, industrial minerals, stone aggregates, ready-mixed concrete and — surprisingly — textiles

Mr Byland attributes the outstanding results to "accelerating demand for the group's products, especially from the building and construction industries"

Sales volume in the various markets rose by 22%

Expenditure of some R81-million is planned for this year alone

Profitability and investments are now closely monitored, along with cash flow, with allowance for inflation by calculating depreciation on the current cost of fixed assets, rather than the historic cost Also, stock evaluation is by LIFO

Mr Byland says he expects the pace of investment by the group to quicken throughout the Eighties — which could mean capital spending of more than R1 000-million during the decade as a whole

He says the outlook is "good" for all divisions of the group

In the cement division, turnover last year rose by 39,3% to R83,1-million (R59,7-million) and operating income rose by no less than 80,6% to R29,3-million (R16,2-million)

FINANCE

R60-m for Truworths takeover

Angus 16/3/81 ~~30~~ 184 ~~232~~

WOOLWORTHS is to pay just under R60-million for the Truworths group, according to details announced today.

After five days of negotiations the two Cape Town-based groups and leaders in the retail clothing trade agreed at the weekend to merge

It is proposed that Woolworths will acquire the entire issued capital of Truworths and its pyramid company, Bonmore.

OFFER

Woolworths is offering R674 in cash and 55 Woolworths voting ordinary shares for every 200 Bonmore shares and R3 702 in cash and 330 Woolworths voting ordinary shares for every 100 Truworths' shares

This will cost Woolworths about R37,5 million in cash and require the issuing of ordinary voting shares worth about R19-million at their pre-suspension price of 575c each

A new holding company will be formed with Mr David Susman, managing director of Woolworths, as chairman, and Mr Tony Williamson, managing director of Truworths, as vice-chairman.

Mr R S Sonnenberg will continue as chairman of Woolworths and will also be on the new board, as will be Mr L Shawzin, founder and present chairman of Truworths

Commenting on the merger today Mr Susman said that both companies were good at what they did The merger would help both to do even better

Mr Williamson said the group tremendous merger gave the new strength in many areas. It would also offer excellent career opportunities for its 11 000 employees

Some people have expressed surprise at the merger of two groups with quite different methods of operations Woolworths sells mainly staple goods for cash while Truworths sells mainly fashion goods on credit

But this overlooks the fact that the merger is creating a large group with tremendous resources of cash and management ability

Thus it should be better able to take advantage of any opportunity that might occur in the future than either group could have done in the existing situation

The Woolworths/Truworths group looks like it has an exciting future ahead of it

Clothing store merger is on

CT 16/3/81 (184) (30) 232

By GORDON KLING

THE merger between two of South Africa's biggest clothing retailers Woolworths and Truworths, is on

Details of the scheme were hammered out at the weekend and the shares of both companies are to be relisted on the Johannesburg Stock Exchange today

The new Cape-based retail giant will be the largest of its kind in the Republic comprising 438 stores with a turnover in the region of R400 million this year

In a statement released in Johannesburg last night the managing director of Woolworth Holdings Ltd and chairman of the new company, Mr David Susman, said "The merger creates opportunities for greatly improved quality, value and style in the goods of both organizations

"Each business has unique expertise which will be of benefit to our customers, staff, suppliers and shareholders The operations of each company obviously complement each other in so many ways that the opportunities for the future are almost without limits"

He emphasized that the various chains in the group would continue to operate separately and maintain their own character and identity

The managing director of Truworths Mr Tony Williamson, who will be vice-chairman of the new company, said "The merger gives our new group enormous strength in many areas — and at the same time offers excellent career opportunities for its 11 000 employees

According to an announcement yesterday by merchant bankers UAL and Senbank, the name of the new group will be changed from Woolworths Holdings Ltd to "more accurately reflect" the nature of the new company

Mr R S Sonnenberg in his continuing capacity as chairman of Woolworths will continue on the new board and Mr L Shawzin in his continuing capacity as chairman and founder of Truworths will join the new board The remainder of the board will be announced soon

The merger will be implemented by Woolworths acquisition of Truworths shares and those of its holding company Bonmore, in exchange for Woolworths shares and cash

RDM 17/3/81

~~232~~ 184 ~~30~~

Woolworths more than generous

By HAROLD FRIDJHON

THE offer which Woolworths is making to the shareholders of Bonmore and Truworths in terms of the merger mechanism for amalgamating the two groups looks very much like an offer that cannot be refused.

Based on the pre-suspension prices, the terms to the Truworth group shareholders are, to say the least, generous

For every 200 Bonmore shares held, shareholders will get R674 in cash and 55 Woolworths voting ordinaries This would have given R990,25 for shares which were priced at R840

In the case of Truworths, the offer is R3 702 in cash and 330 Woolworths voting ordinaries worth R5 599,50 for 100 shares priced at R4 200

It was to be expected when trading opened yesterday that the profit gap would be eliminated — and it was

Woolworths was bid up to 660c, as well the share should have been, because the combined resources of the two groups should generate greatly increased profits, with Woolworths cash flow financing the Truworths book, thereby eliminating the cost of borrowed money

Bonmore rose from 420c to 520c, which means that 200 shares would be worth R1 040 while the offer, with Woolworths priced at 660c, would be worth R1 037

Truworths went up to R57,50, which is higher than the offer, currently worth R56,65

This means that shareholders in the two Truworths companies can either accept the offer and not pay brokerage, or go to the market and pay brokerage

My advice is to accept the offer because it is unlikely that the Woolworths price will fall back But if you have any doubts about Woolworths holding its price, sell now

Details of the merger suggest that the welding of the two groups will be total and that there will be a meshing of the executives of both groups which will retain their identities and yet will come together at the top where planning and budgeting and financial management decisions will be made.

When the merger is complete, the old guard will hand over control at the top to younger men, Mr D R Sussman of Woolworths will be the chairman of the new top company and Truworths Mr A G W Williamson the vice-chairman

The Woolworths trading company, however, will not lose the touch of the man who built up the group, Mr Dick Sonnenburg He will remain chairman And the same will go for Truworths Mr Len Shawzin who, with his late brother Mr Jose Katzenellenbogen, steered the Truworths group to the top will continue as chairman of the Truworths trading group impossible: the authorities maintain a reasonably efficient system of policing pass requirements among Africans who are admittedly less scattered but far more numerous than farmers. It may be that the absence of written contracts of employment between farmers and most workers would make the task of the inspectors impossible, but it seems that this problem needs more careful study before it can be considered insuperable.

The problem not voiced by the 1951 Commission or by the Theron Commission is that many farmers, at least in the Karoo, seem to be in a position to respond to any pressure to raise wages by reducing their labour forces. The abundance of cheap labour available to the farms has encouraged farmers to employ more workers than are physically necessary to run the farm. Many of the farmers interviewed during this survey pointed out that in Australia, for example, where farm workers earn wages far higher than South African farm wages, farmers keep one or two workers on to handle a flock, and an area, which in South Africa would 'need' 10 workers. Smaller labour forces are made possible by the use of dogs, by carefully planned camp and run fencing (so that sheep can be directed from one place to another and handled by a minimum of workers) and by the use of contract workers at peak times - shearing, dosing, dipping, transport etc.

If wages and other costs on South African sheep farms are nearing the levels at which this sort of change becomes profitable - a question which cannot be answered here - moves to raise wages would not only reduce the chances of those already unemployed, or erratically employed, of finding jobs, but would add to their numbers.

In conclusion, therefore
rates for farm workers a
to bargain for themselve
determined extension of
employment opportunities
African workers so that
of alternatives. Only
their working lives.

pts to set acceptable wage
p towards enabling workers
s must be accompanied by the
facilities in towns, of
formal restrictions on
ble to select from a series
some sort of control over

Clothing workers return

DD 17/3/81

(184)

EAST LONDON — All the workers who walked out of the Ark Garments factory in Wilsonia last Tuesday were back at work yesterday.

The managing director of the company, Mr R Harris, said the majority of workers were back at work on Saturday.

Workers had called to collect their pay on Friday when negotiations began and by Saturday few workers were not at work.

The factory, which normally works a five-day week, worked full time on Saturday to make up for lost production, Mr Harris said — DDR

CT 17/3/81

Woolworths/Truworths merger terms

(32) (184) (282)

JOHANNESBURG — Agreement has been reached between Woolworths Holdings Ltd, Truworths Ltd and Truworths' 49,24 percent shareholder Bonmore Investments Ltd on the merger terms between the three companies, a joint statement said

The terms are that shareholders in Bonmore will be offered R674 in cash plus 55 ordinary Woolworths shares for every 200 Bonmore held and Truwrorths shareholders will be offered R3,702 and 330 Woolworths shares for every 100 Truworths held

The acquisition of Bonmore will not take place if Truworths shareholders reject the offer and vice-versa, it said

On March 9, Union Acceptances and Central Merchant Bank said agreement in principle had been reached between the boards of the three companies

The result of the merger will mean Woolworths controls the entire issued share capital of Bonmore and the issued ordinary share capital of Truworths other than those shares held by Bonmore

This will produce a new group, the name of which has yet to be determined, operating 438 stores in South Africa and producing an annual turnover in the 1981 fiscal year of around R400m, it said

The proposals will have a beneficial effect on Woolworths earnings, but will initially result in a reduction in net asset value

In the six months ended November 29, Woolworths reported a rise in pre-tax profit to R14,92m from R11,33m in the year-ago period, while turnover rose to R108,36m from R83,63mn

Truworths, in the half-year to end December, earned pre-tax profit of R11,5m against R6,48m on turnover of R81,02m against R62 59m

Woolworths shares opened yesterday at 620c against 575c before suspension last week, Truworths were untraded but bid up at 4 500c against 4 200c, and Bonmore opened 80c up at 500c — Reuter

RDM 19/3/81 184 151 187 139

Frame group denies dispute

By STEVEN FRIEDMAN
Labour Reporter

THE giant Frame group has flatly denied an allegation by the unregistered SA Allied Workers Union that a worker at one of its subsidiaries, Natal Canvas, has been fired for refusing to join a registered union

The Frame Group's joint managing director, Mr Selwyn Lurie, said yesterday "It is certainly not our policy to force workers to join unions We have never heard of Saawu and we know of no trouble at Natal Canvas We do not even know of any dismissal there "

Saawu's general secretary, Mr Samuel Kikine, claims that the chairman of a Saawu committee at Natal Canvas was fired for refusing to join a registered leather workers' union which recently opened its doors to black workers

He said workers had been told to join this union or be fired He also claimed that a similar incident had occurred at a Natal printing works where workers had resigned after being told to join a registered union or be fired

Mr Lurie said, however, that he knew of no incident at Natal Canvas He said the 300-odd black workers at the plant were all registered union members, but added "We are employers — why should we force workers to belong to a trade union, which is on the other side of the bargaining table?"

A clause in the industrial agreement governing the leather and footwear industry says employers must show "preferential treatment" to members of the registered union

But Mr Lurie said the company had never understood this to mean workers could be forced to join the union "Membership of the union is entirely voluntary and this entire story is total nonsense", he added

RDM 19/3/81

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?

That during the 1980 year of plenty in SA, 50 new clothing factories were formed and they're all still in business? Seems like the R1 300m anticipated total turnover for this year will be a reality FM 20/3/81

184

Clothing workers get more money for bonds

Argus 20/3/81

(184) (ZWAN)

CLOTHING workers are to be offered more money in housing loans from the Cape's clothing industrial council.

The annual housing allocation is being raised to R600 000 from R450 000 and the maximum for loans is up to R20 000 from R14 000

Interest rates stay at 7,5 percent for loans below R9 000 but above that figure the rate is being raised to 9 from 7,5 percent

'We are still well below the building society level,' says Mrs L R Rosenberg, chairman of the council's provident fund management committee, which provides the loans

'Because of rising building costs and the general upswing in property prices, it is becoming increasingly difficult for a factory worker to afford his own house

'The point has almost been reached where his own house is beyond the reach of a worker'

'People can no longer buy houses below R14 000'

RENOVATIONS

Where houses were on the market below that figure, they needed extensive and costly renovations

Housing funds were now being raised to safeguard the interests of employees and ensure the continuation of the home ownership scheme.

The provident fund's income rose by a record R1 9-million last year and assets grew by R2 5 million to a peak of R12,5-million

HELPED 183

The fund helped 183 workers last year compared with 76 in 1979 A big increase in demand for houses in Mitchell's Plain followed the opening of the railway service

'The demand for housing loans is as great as ever and housing is clearly one of the greatest problems facing the coloured community in the Peninsula,' says Mrs Rosenberg

CT 20/3/81 139 134 140 135

Frame denies union claim

Own Correspondent

DURBAN — The giant Frame group has flatly denied an allegation by the unregistered South African Allied Workers' Union that a worker at one of its subsidiaries, Natal Canvas, has been fired for refusing to join a registered union

The Frame Group's joint managing director, Mr Selwyn Lurie, said on Wednesday "It is certainly not our policy to force workers to join unions We have never heard of the SAAWU and we know of no trouble at Natal Canvas. We do not even know of any dismissal there"

The SAAWU's general secretary, Mr Samuel Kikine, claims that the chairman of a SAAWU committee at Natal Canvas was fired for refusing to join a registered leather workers' union which recently opened its doors to black workers

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He said the 300-odd black workers at the plant were all registered union members, but added "We are employers — why should we force workers to belong to a trade union which is on the other side of the bargaining table?"

A clause in the industrial agreement governing the leather and footwear industry says that employers must show "preferential treatment" to members of the registered union However, Mr Lurie said the company had not understood this to mean that workers could be forced to join

"Membership of the union is entirely voluntary and this entire story is total nonsense"

Clothing industry seeks better protection against cheap imports

CT 21/3/81 (184)

By ALEX PETERSEN
Finance Reporter

SOUTH AFRICA'S clothing and textile industry has enlisted the support of the country's major clothing retailers in their push for a better form of protection against cheap imports.

The president of the National Clothing Federation, Mr Simon Jocum, said yesterday that the response of the retailers at a meeting in Johannesburg on Thursday had been "very positive".

This support is seen as vital by the Textile and Clothing Advisory Council (TACAC), which has been pushing for a system of quantitative controls, along with medium tariffs, to limit imports.

Despite for the most part, having full order books for the current boom, sectors of the industry are worried about the influx of both fabrics and clothing from the Far East. They are trying to persuade the Board of Trade that if the intention is dismantle import controls, then some other form of protection will have to be given.

Next question

The president of the Textile Federation, Mr Bob Ankers, said yesterday that following the retailers' favourable response, the next question was "to work out the nitty-gritty" — this being just what level of controls would be acceptable to the retailers, who in the past have often been critical of the protection afforded the manufacturers.

A director of Foschini, Mr Frank Sewitz, who was at the meeting, said yesterday that retailers supported the TACAC stand, provided that "we are given reasonable permits to import."

Particularly in higher fashion lines, there were areas not supplied by manufacturers, he said.

But even the present import structure was inadequate, he said, in that tariffs could change very quickly, and this made planning ahead very difficult for retailers, a point echoed by the group director of Edgars, Mr Frank Wells.

Mr Wells said the retailers agreed in broad terms with the need for controls, and with a possible arrangment whereby import permits are based on a percentage of retail turnover.

The next step for TACAC will be to go back to the Board of Trade to press a revised version of their case, and it is clear that they feel the situation is serious.

The textile industry is not just spinning a yarn, says the marketing director of SA Nylon Spinners, Mr Don Grant. The nub of the comparative advantage argument of the free trade exponents, he says, lies in unemployment.

Big employer

The clothing and textile sectors combined employ nearly a quarter of a million people, or 16% of the working population, with a further sizable figures in both the cotton and wool industry, so opening the door to imports could lead to serious unemployment.

The present glut of synthetic fibre and fabric on the world market, he says, stems from the United States, which has the advantage of lower-priced domestic oil, and very large runs.

"Yet," he notes, "even the United States seeks protection for their clothing and textile industry very vigorously."

The protection has been necessary since Far East manufacturers, often using US fabric, and with a labour-cost structure well below that of South Africa, have been exporting to whoever will buy.

The effect on the European textile industry has been devasting, and now with their normal US and European markets in recession, the buoyant South African economy is a natural magnet for the Far East.

Competition

Mr Grant feels that there is already there is a huge overhang of fabrics in local stock. "When consumer demand turns down, it is going to hit us," he said.

Part of the problem, he feels, is that import controls seem to take their cue from the balance of payments, often taking effect too late.

Mr Grant feels that in the long run the competitive edge of the US fibres could be blunted when South Africa's planned methanol plants come on line, providing feedstock for the raw material, but this is still at least four years off.

TACAC members stress that they do not want to ban imports, but merely to place a realistic limit on them. They also say that they are efficient, citing that both clothing and fabrics are exported to competitive markets.

In order to meet the demand for variety in the local market, the textile industry invested R114 m in 1979-80, points out Mr Bob Ankers, adding that much of this investment was made on assurances from government that the industry would get the necessary protection.

In the long term, he says, unless there are some form of quantitative controls, a lot of jobs and investment could be at stake.

(25) See Klaarman, ibid., pp 31-36, Data on medical aid membership is from the Report of the Secretary for Health, op cit., Annexure 17. Medical Aid Schemes covered only 14 per cent of the whole population.

Strike: EL workers sacked

DD. 27/3/81 (184) (149) (188)

EAST LONDON — All 230 black workers at the Everite factory in Wilsonia have been fired following a strike at the factory yesterday

The workers stopped work at the factory after two workers were dismissed by the company for poor work performance over a number of weeks

In a statement, the regional manager of Everite for the Eastern Cape, Mr H Durst, detailed the management's version of events leading to the dismissal

"On February 10 this year the South African Allied Workers Union (Saawu) advised Everite management that a workers committee functioning under the auspices of Saawu had been elected at Everite, East London, to replace the existing liaison committee

"Everite refused to accept the Saawu committee because Everite had a democratically elected liaison committee whose term of office had not expired Saawu could not satisfy Everite that its committee had been democratically elected, Everite had no formal relationship with Saawu and therefore recognition of such a committee was premature

"Over the last month Everite has closely examined the constitution and representativeness of Saawu as well as its attitude towards registration during meetings held with union officials

"Saawu was unable to prove representativeness during the meetings The union also made it clear that at this time it does not wish to apply for registration

"Therefore, after serious consideration, Everite advised Saawu on March 16 that they are unable to recognise the union or any of its workers committees

"However, Saawu was also advised that Everite is prepared to resume discussions should the union's attitude towards registration change

"On March 26 (yesterday), two workers whose performance has not been satisfactory were asked to leave the company

"The two workers had been given repeated written warnings about poor performance over the past weeks, as well as additional training to help them improve

"The termination of their employment was in terms of the company's disciplinary procedure which ensures complete fairness

"Immediately after the dismissal all the black employees ceased work

"No reason for the strike was given and the workers declined to send forward the liaison committee or a person nominated by them to set out their grievance

"All the striking workers have been dismissed"

Attempts by the Daily Dispatch to contact Saawu for their comment on the incident were unsuccessful last night — DDR

n	$\bar{x}$	$\bar{y}$	r_{xy}
9	26,33	15,70	0,87
9	35,50	12,32	0,31
5	38,40	10,22	-0,07
5	43,00	16,66	0,61
7	40,36	18,95	0,57

* includes one unknown.

On eight of the 13 farms, $r > 0,5$ and on two $r > 0,7$.

Again, however, the presence of coefficients both high and negative (suggesting that farmers pay older workers less) is surprising.

TABLE 14

Individual Farm... Work Fo...

SA Industrial Wk 24/3/81 184

Renier plans to pep up production

By James Lodge

PLANS for a substantial increase in production have been announced by Pep Stores, one of the biggest clothing chains in the Republic

The company's present output of clothing will be enlarged by the purchase of either one or two well-established factories in the Western Cape, according to a statement by the chairman, Renier van Rooyen

The company, which operates 500 stores, is also thinking of opening a factory at Atlantis, the new industrial development 40 km north of Cape Town, he said.

At present, the group owns two factories in Cape Town as well as other factories in the Transkei and Durban.

The planning for increased production had become necessary, he said, because of the buoyant demand for clothing Sales had been rising strongly since last June and turnover figures for 1980-81 were likely to show an increase of about 30%

After investigating the export market during the past year, the company is now taking orders from foreign buyers and intends to step up its exports in the future

There was an overwhelming demand for South African clothing, van Rooyen said, because it was highly competitive in quality, price, and style

He revealed that the company is presently completing an order from Britain for 1,5-million pairs of women's panties

CLOTHING 184

Worried about tariffs

FM 27/3/81

Dissatisfaction with government's move to scrap import controls came to a head last week when retailers handling more than 50% of the country's clothing turnover sided with the clothing, textile and fibre industries in asking for a system of protection incorporating both import control and tariffs

The *FM* trusts that Pretoria will not succcumb to these pressures — its first duty is not to special business interests but to the ordinary consumer Be that as it may, members of the Textile and Clothing Advisory Committee (Tacac) met with clothing retailers in Johannesburg to gain their support for quantitative import control

Simon Jocum, president of the National Clothing Federation, says government's suggestion that tariffs entirely replace import controls would, if accepted be bad news The results, apart from a straight business loss would be large-scale unemployment as in the Seventies, when thousands of garment workers were laid off

This in turn would cause serious social problems and severely curtail consumer buying power The consequences for retailing are, therefore, also important, he says

Jocum says tariffs would have to be exorbitant if they were to protect local industry sufficiently from a flood of cheap imports

"There's too much at stake to have to say to the government 'We told you so'," says Jocum who adds that if the government upholds its decision to scrap import controls, it will be negating the campaign to 'buy SA and employ SA

Says MD of SA Nylon Spinners, Justin Schaffer "The whole of the textile industry, including fibre and textile manufacturers, is of one mind with the clothing industry We are all seeking the system most equitable to all parties We believe this is a combination of tariffs and import control (The *FM* wonders if the interests of the consumer are included in the search)

If imports are allowed unabated into SA, he says, more than a quarter of a million jobs are potentially threatened The clothing, textile and fibre industries employ 260 000 people From a business point of view the implications are clear it would mean the end of growth

As Jocum points out, the total volume of imports may be relatively low However they are not spread evenly across the different sectors of the garment industry and the availability of items very cheaply overseas causes local manufacturers of these items to take a plunge

"While the value of all imports at landed cost could be only 10% of total production value, in units this can be between 20%-25% of production in certain sectors "

Imports, however, are not the only source of concern Exports have also become a cause for anxiety

Last May, when export incentives were announced, several clothing exporters did their costing based on the tax concessions they would ostensibly receive from the government, says Jocum

"However, government has interpreted the incentive scheme entirely differently to exporters and certain exporters have lost out heavily "

A dual definition by government and clothing exporters of certain terms particularly in category A of the incentive scheme announced, has, in Jocum's words "made the difference between doing business and not doing business".

He notes "We've now got to sell for 1982 And we've got to know now the exact terms of the incentive scheme so we can give proper quotations. But we still don't know what the Board of Trade and Industries (BTI) will do "

Currently the terms of the scheme are being considered by a joint committee of the BTI and the Export Promotion division of the Department of Industries, Commerce and Tourism

Director of Export Promotions, Giel Pretorius, says "As the Minister originally explained, the incentive scheme is subject to ongoing revision It is not a stagnant scheme "

However, for clothing exporters the months or even weeks it takes to "thrash out the grey areas" of misunderstanding definition or confusion are too long considering foreign importers don't have to wait for terms of trade

Meanwhile, the industry presumably accepts that those countries to which it wishes to export might also decide to put up protective permits and trade barriers

Cadbury expects growth

CT 28/3/81

184

Own Correspondent

JOHANNESBURG — Cadbury Schweppes expects further growth in sales of both confectionery and soft drinks in 1981 after a sales increase of 38 percent in 1980

In his report for the year ending January 3, 1981, the chairman, Mr Charl Cilliers, says that, against an expected background of continued economic expansion, the company anticipates another good year

It will continue its policy of marketing only those products which have a high sales potential and will add new products only if they offer major growth potential

The sugar confectionery market was responsible for 75 percent of the company's 47 percent increase in taxed profit for the year

Soft drinks contributed the remaining 25 percent of total profits

Mr Cilliers says the company aims to maintain profit growth by expanding its share of the market

At 96,4c a share, earnings are 46 percent up on 1979 earnings of 65,6c

Dividend payment has risen by 56 percent to 36c a share (23c), which at today's share price is a healthy dividend yield of eight percent

Frame Group in labour new deal

RDM 2/4/81 (184)

By JOHN BEVERLEY

WAGES have been increased substantially and a vigorous approach to a new industrial relations policy has been pursued by Frame Group companies, say the directors in their statements for the half-year to December 31.

Two companies have shown substantial improvements, and the other two are ahead of inflation

Consolidated Textile Mills earned a net income of R1 056 000 — up 97% on the R534 000 for the previous interim period and compared with R6 951 000 for the year to June 1980 Major profits accrue in the second half

There are capital commitments for R2 861 000 and the directors say that blanket prices "have not been increased in the main" in spite of increased labour and other costs This is in an effort to contain inflation. A 3,125c interim dividend has been declared

Natal Canvas shows net income of R2 035 000 against R1 020 000 — an improvement of 99% For the year to June 1980 income was R2 442 000

The directors say the increase came from the textile and clothing divisions, the footwear division making only a marginal profit because of "inadequate protection of the canvas footwear industry"

A 5,625c interim dividend will be paid

SA Woollen Mills profits were up a modest 12% at R663 000 against R591 000 for the comparable half-year and R2 160 000 for the year Blanket profits accrue in the second half.

Natal Consolidated Industrial had a 37% increase in net income to R1 163 000 against R852 000 for last year's first half, and R2 626 00 for the year. Capital commitments are R850 000. A 10c interim has been declared

COMMENT: As can be expected the dividend policy has not been changed. Frame Group dividends are not increased — shareholders usually get capitalisation shares.

The adoption of a new industrial relations policy, which includes an improved pension fund for the blanket industry and a new one for cotton workers, should go a long way to ensuring stability and avoiding costly work stoppages. Capital spending of R4-million by the group is worth noting.

Table 1 Cho

Initial choice	dt. surgeon	Tiersdorp doctors	tside dr.s	Hospital	Indig. practitioner *	Employer or 'madam'	None/ home treatment*	Total
No subsequent choice	23 (66)‡	14 (40)	1	9 (82)	1	5 (50)	17 (85)	70 (60)
Subsequent choice*								
Dt. surgeon		3	1	1		5	3*	13
Previous Tiersdorp drs.		5	2	1				8
Outside drs.	3	6	1					10
Hospital	2	4						6
Indigenous* practitioner	1	1						2
Employer	3							3
None/home treatment	3	2						5
Total	35	35	5	11	1	10	20	117

Returning to the same doctor for the same ailment is not counted as a subsequent choice, and nor is transferring custom from one local doctor to another when the former retires, cases referred to another facility are counted under the first choice of facility and referrals not counted as a subsequent choice. There were four referrals of patients by doctors to a hospital.

* Doubtless underestimated

‡ Figures in brackets are percentage of visits to that facility which were first consultations and where no subsequent choice was made.

SA BIAS (134) FM 3/4/81

Shrinking margins

Activities. *Manufactures clothing accessories and trimmings Other interests include the dyeing of textiles property, shipping and financing, and the distribution of crockery cutlery, glassware and fancy goods*

Chairman and managing director *M N Newman*

Capital structure *3 340 000 ordinaries of 12 5c Market capitalisation R8,4m*

Financial *Year to December 31 1980 Borrowings long- and medium-term, R2,2m, net short-term, R12,9m Debt equity ratio 158,4% Current ratio 1,3 Net cash flow R2 4m Capital commitments nil*

Share market *Price 250c (1980-81 high 310c low 150c, trading volume last quarter 1 000 shares) Yields 23,6% on earnings, 5 6% on dividend Cover 4 2 PE ratio 4 2*

	'77	78	'79	'80
Return on cap %	12 3	16 2	21 0	16 6
Turnover (Index*)	84 2	184 2	287 2	447
Pre tax profit (R 000)	855	1 362	2 769	3 418
Earnings (c)	16	26	45	59
Dividends (c)	3 8	5 5	10	14
Net asset value (c)	185	203	234	279

* 1976=100

While SA Bias showed a gross profit increase of 49% to R4 1m (R2 8m) in the year to December 31, total capital employed rose 80% The return on funds invested thus fell to 16,6% (21,0%) — disappointing after a steady climb since 1977

As is the case with most clothing manufacturers, margins were also squeezed Pre-tax profit was up 51% (66,4%), whereas turnover rose 55,7% Trading in the clothing sector is highly competitive because of imports and overcapacity

As the *FM* noted last year, "The emperor's new clothes?" (*Leaders*, November 7), because of pressure on margins, results from this sector are not what one would expect from a consumer-orientated industry at the present time Therefore, it is not surprising that SA Bias seems to be diversifying out of clothing This is evident with the expansion of other divisions, particularly the financial sector

Merchant Shippers (previously Clappers Shipping) has been reconstructed after 25% of the equity was sold to the company's new MD It is expected that this will become a major growth point Also, BMD Gift Wholesalers bought 100% of African Fancy Goods Trading Co to boost market penetration

In the property division, rental income increased but operating expenses squeezed margins and resulted in a lower profit contribution of 8,8% (13,2%) Steps to correct this have been taken since year-end with the disposal of certain properties

The manufacturing and trading division, being the largest profit source, improved its contribution to taxed profit from 79,6% to 81,3% Productivity and efficiency drives boosted this gain

Though 1980 was a strong sales year, financial structure has deteriorated markedly The main cause for concern is a strong build-up of short-term debt to R12,9m (R3,2m) to finance stocks and debtors Stock built up to R6,6m (R3,7m) resulting from the old problem of unreliable deliveries from local suppliers and shortages of certain fabrics

But there also appears to have been some change in SA Bias's debtor policies While turnover was up 55,7%, debtors at end-December were 181% higher at R14,2m Creditors, however, declined from R1,6m to R1,5m Short-term borrowings thus rose from R3,2m to R12,9m and are now 85,4% (57,5%) of total borrowings

SA Bias has a debt total of R15,1m, on which interest of R719 000 was paid during the year This equates to a low 4,7% average interest rate and suggests a large proportion — probably around R7m — must have been taken in towards the year-end

On the basis of total borrowings, the interest bill should have been around R1,4m This means, given last year's R4,1m gross profit, that the cover on interest and leases would be around 2,9 times, suggesting some attention needs to be given to gearing Generally, a figure of nearer four is considered satisfactory The high 158,4% debt equity ratio could thus work against the group's longer-term financial health and is, in any case, straining short-term liquidity

Cath Warmer

184 ? 5

That the 120 000 employee garment industry in SA, with a 95% coloured staff is losing some of its most highly skilled people because of apartheid? The shortage of skilled workers in the garment industry overseas particularly Australia, is attracting people from the local industry who are fed up with being second class citizens in their own country Result they're sewing new seeds in new plants

FM 10/4/81

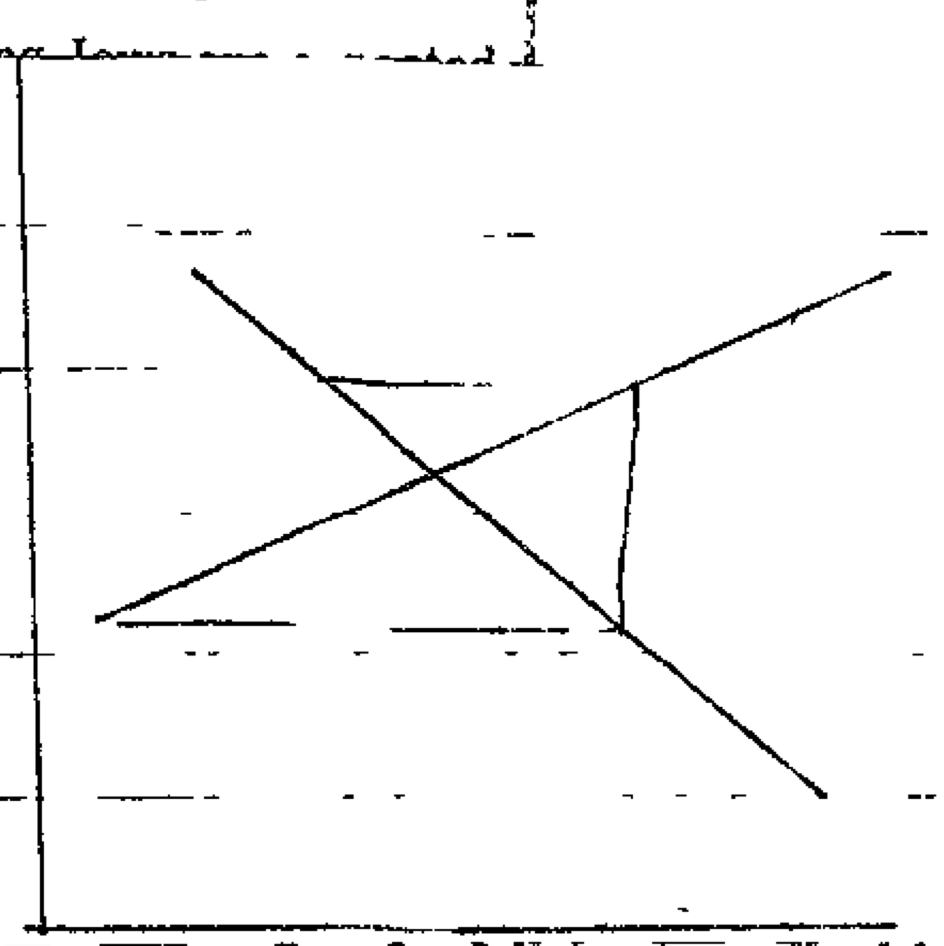

TABLE 5: COST OF TRAVEL

% of patients paying:	G.S.	McCords	D.H's	Umlazi	Masana	Holy Cross	Mt. Coke	Charles J.	Valley: clinics	G.P.'s
0 – 19c	13	50*	90	67	31	68	36	25	91	71
20 – 39c	34	26	5	25	25	9	47	30		
40 – 59c	24	11	2	4	17	10	6	23		
60 – 79c	14	1.5	1	2	7	3	5	7		2
80 – 99c	8	1.5	1	0.5	11	1	2	1		
100 – 199c	7	3	1	0.5	8	7	2	12		3
200 – 399		2.5			1	1	3	2	9	4
R4 +		6			1	1				20
Total no.	436	200	488	181	103	172	64	204	23	99

*Includes many who came by private car. Costs of private transport are not included.

TABLE 4 MODE OF TRANSPORT

Mode	Groote Schuur	McCords	Day *	Hospitals **	Umlazi	Durb… G.P	…ey …ics	Valley G.P.'s
Foot	1	10	77	53	57	24	87	37
Bus	71	45	12	30	31	33	-	4
Train		9			-	9		4
Car (paid)	26	4			11	4	9	23
Car (unpaid)		32					4	29
Hospital taxi/ Ambulance	2	-						1
Bicycle, ox-wagon, horse, etc								3
Total no.	436	212					23	101

Each mode of travel was cou… used on one journey.

* Elsie's River and Retreat

'Problems' with local suppliers, says Foschini

Argus 8/4/81 (184)

ALTHOUGH the local clothing and textile industries need some protection, the need for extensive protection against imports appears unwarranted and detrimental to the industry as a whole, says Mr S Lewis, chairman of Foschini.

He says in the company's annual report, 95 percent of the group's inventory is bought from local suppliers.

However, there have been serious problems arising from late deliveries and inability to fulfil orders placed.

There is every indication the problem will worsen this year.

Moreover, the market demands the availability of a wide range of fibres, yarns, fabrics and garments which cannot be entirely supplied locally — other than through production of fragmented and uneconomic ranges.

Foschini's assets grew by 30,2 percent in 1980, sales by 29 percent and net operating income by 51,2 percent. The group now has more than 500 shops and more than 5 000 employees.

The company expects to achieve planned growth and development this year.

2. cont.........

(1) Plot this demand … preferably using graph paper.

(2) Now suppose that … years the annual "crop" amounted … 80, 60, 50, 40, and 70 million … nd tabulate the gross value of … f the demand curve scheduled above … he ten years.

(3) Calculate the av… rop over the ten years, and the … this value.

(4) Construct a sche… e to be received for each of the … order to make the gross value … the average annual gross value. Pl… r as the demand curve. (It will …

(5) From the demand … must be offered on the market in … ered in part (4). From these amoun… ich the government would have to bu…

(6) Draw up a schedu… it would have to buy or sell in e… f part (2). Would the government h… the amount it would have to buy over … mean that stabilization of … ossible?

CLOTHING

Retail complaints

184

FM 17/4/81

Although clothing retailers have sided with the industry's application for government protection against imports, they have voiced strong objections to protecting inefficiency

At a meeting of knitted garment manufacturers and retailers, who are opposed to the excessive import duties on finished knitted garments requested by local manufacturers, the retailers said manufacturers are unable to deliver the goods

Last September the National Clothing Federation gazetted its proposals for tariff increases

Ron Dyamond, company secretary of the Truworths group, says Truworths opposed the application the following month on the grounds that duty proposed for finished knitted garments was excessive — in most cases double existing duty — in spite of the fact that local suppliers couldn't meet demands

"And since then the situation has deteriorated," notes Dyamond, who readily admits that if supply was in step with demand in this area his company as a retailer, would be fully prepared to go along with the manufacturers to some extent

Outstanding deliveries

He attended the meeting, organised by Dennis Solomon, of the Textile and Clothing Advisory Council (Tacac), armed with lists of outstanding deliveries from knitters

According to Dyamond, the garment knitters had ample warning that demand would pick up

But, he says, they did nothing to equip themselves to meet it

He says retailers place their orders have them confirmed, but invariably the date of delivery is changed because manufacturers are not ready to supply on time

'Our advertising campaigns coincide with confirmation of orders and when women come into our stores expecting to be fitted out and we haven't got the styles or the sizes, we have to take the blame he says

Tacac's Solomon confirms that retailers are to make certain proposals to the garment knitters but as yet nothing has been resolved

Financial Mail April 17 1981

TEXTILE INDUSTRY (184) (197) FM 24/4/81

Paradox and dilemma

The paradox of the clothing and textiles industries is that they are pleading protection at a time when they have never seemed less in need of it.

Order books are full and projected demand growth for 1981 is expected to raise the physical volume of clothing output by 10%-15%. At the same time, the output of cotton textile mills could be pushed 20%-25% higher, while the demand for knitted fabrics and garments may increase by 30%.

Yet there is a sense of impending doom in the rag trade. This has deepened to the point where the country's leading retailers have added their weight to industry representations to government. These call for a protection package that will combine so-called formula duties with quantitative import restrictions. Viewed against the volatile and acrimonious history of relations between clothiers, textile millers and retailers in the recent past, the new unity is indeed remarkable.

Surely garment makers should be pleading for freer availability of the cheaper raw materials that are available on world markets. This would enable them to compete more effectively with imports.

Whether this singular unity in the four basic sectors of the industry (fibre-spinning, weaving and knitting, garment-making and retailing) will succeed in moving government into a more protectionist frame of mind remains to be seen.

The free trade ethos has never seemed to influence government thinking more than at present. The new minister, Dawie de Villiers, and his new Director General, Tjaart du Plessis, have revealed a fresh commitment to de-regulation and de-control.

De Villiers is a professed free trader. In the time he has been in his new job, he has shown clear appreciation of the laws of comparative advantage and the gains to be had from international trade and efficient production. Policy, he says, will be determined by what would best serve the national interest and the interest of consumers. In the past, the national interest has too often been linked to the immediate state of the balance of payments. It has also been determined by a pervasive sense of siege, driving the economy towards self-sufficiency with little regard to cost efficiency.

Here lie a dilemma and a paradox. Free trade and self-sufficiency are mutually exclusive. The paradox is that the authorities probably realise the world is less likely to cut SA off from trade if developed countries in the West depend upon the Republic's supplies of raw materials and its markets as a major importer.

Despite high levels of protection, the rag trade has been transformed into the most competitive, fragmented sector in industry.

It is also one of the most labour intensive, with 260 000 workers (95% black) helping to produce goods worth R1 200m at ex-factory prices.

Intense competition at all levels has resulted in a high degree of price stability at the retail level. Last year, with the cpi rising about 15%, clothing prices rose only 9,1%. This year, despite strong demand growth, the inflator should be no more than 11% compared with anticipated cpi

Minister De Villiers . . . time to phase out protection

growth of 17%. It says much for the competitive nature of the industry that this degree of price stability was achieved despite modest import levels (R150m at landed cost).

The reason is that the scale of efficient production of finished garments is small. Local manufacturers compete vigorously with each other on price, style, variety, credit and delivery. These hothouse conditions have resulted in the development of a vigorous export trade (R35m this year, according to industry estimates).

Textile millers and fibre spinners, on the other hand, have to get very big in order to reap the benefits of high volume, low unit cost production. The SA market, however, is not yet sizeable enough to support highly competitive and efficient production compared with some foreign producers. The half-dozen specialist exceptions that do exist have nothing to fear.

Thus, the growth of the textile industry has been partly at the expense of clothing manufacturers and clothing exports. Furthermore, it is the clothing manufacturers who are most vulnerable to pressure from cheap imports. Clearly, large retailers have been freer to import cheap clothes than manufacturers have been to import cheap fabrics.

In 1980, highly satisfactory trading results were achieved in ideal conditions. Because of closer co-operation between fibre spinners, textile weavers and knitters, garment-makers and the giant retail chains there was volume, variety and prompt delivery. Best of all, there was strong demand and strong competition.

It could be even better in 1981 because of the sustained demand surge, longer production runs and consequent stable unit costs despite the ravages of inflation. More important, these results will be achieved despite the final elimination of Finance Minister Horwood's 15% imports surcharge — and despite the fact that the last adjustment to clothing tariffs took place in 1974.

The industry now anticipates that these ideal trading conditions cannot last indefinitely and is pressing the Board of Trade for a protective mix of so-called formula tariffs and quantitative restrictions. However, as the saying goes, any time can be the right time for protection.

Since there is a large textile industry dependent upon protection and a clothing industry that is damaged, on balance, by that protection, how should the minister direct future strategy in the industry?

It would not be fair to dismantle protective barriers overnight. What is required is a gradual phasing out of the effects of protection. In the particular case of the textile industry, it should be told that it must make do with existing levels of tariffs-only protection. As the economy expands, effective competition behind tariff walls will develop. Production will become more efficient and prices will fall below world prices plus tariffs. In due course, textile producers may achieve the same levels of efficiency, variety and competitiveness as their counterparts in the garment-making business.

The garment-makers could anticipate relatively cheaper fabrics and hope the economy remains buoyant.

The long run progress of this sector will depend on the ability of manufacturers to compete other than simply on price.

Government, to its credit, has stated that it has no desire to become a signatory to Gatt's Multi-fibre Agreement (MFA), which it seems to regard as an unholy alliance between the developed countries against low cost clothing and textiles produced by the ultra-high productivity fabricators of the lesser developed countries.

(LDCs)

It is this question that is threatening to undo all the patient attempts to liberalise world trade since the formation of Gatt and in subsequent adjustments in terms of the Kennedy and Tokyo Rounds Scarcely a day passes without one trade minister or another issuing dire warnings about the disruptive effect of another country's exports

In the domestic textiles industry, there are fears that a strengthening of the system of quota protectionism in the renegotiated Multi-fibre Agreement of Gatt (to which SA will not become a signatory) is going to divert mountains of clothing and fabrics from Western importing countries to the Republic The rag trade expects to be caught between the pincers of US economies of scale and the low wages of the Third World No degree of tariff protection, it says, will be sufficient to avert unemployment levels of 15%-20% This argument, it seems to the *FM*, fails to take into account the ability of a labour-hungry economy to absorb workers in other, perhaps more efficient, activities Further, lower prices for textiles can't be a bad thing for the consumer

The MFA, which expires at the end of 1981 and is due for negotiated renewal for four years in the northern summer, is an attempt to regulate the flow of low-cost textiles between developing countries of the Third World and the industrialised world

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 departure" clause was added These, and other, arrangements now appear certain to become a permanent feature of the MFA

One of the new departures is reported to be a device linking imports to demand rather than to consumption What the mandarins of Brussels have in mind is that, instead of letting consumption levels set across-the-board quotas for Third World textiles exporters, the EEC will select categories where there is particularly high demand for low-cost goods and restrain them accordingly

If the MFA is tightened to the extent mooted by the EEC ministers, there is going to be a huge volume of textiles exports looking for alternative markets, some would say at any price This threat has still to materialise and, until it does, any government action would be premature In any event, extension of the mistaken protectionist policies of the past should be avoided

DUGSON (184)

Dividend drought

FM 24/4/81

Activities: *Manufactures men's and children's clothing*

Chairman *J A Rogers, managing director I Levy*

Capital structure. *800 000 ordinaries of 50c and 50 000 6% prefs of R2 Market capitalisation R1,9m*

Financial *Year to December 31 1980 Borrowings long- and medium-term, R1,7m, net short-term, R3,1m Debt equity ratio 92,9% Current ratio 1 5 Group cash flow R713 000 Capital commitments Nil*

Share market: *Price 235c (1980-81 high, 280c, low, 120c, trading volume last quarter, 7 800 shares) Yields 31,5% on earnings PE ratio 3,2*

	'77	'78	'79	'80
Return on cap %	6,9	—	9 0	11,2
Turnover (Index)	100	88	111	137
Pre-tax profit (R 000)	(29)	(579)	315	655
Earnings (c)	(18,3)	(75,5)	35,6	73 9
Net asset value (c)	585	499	577	629

Although Dugson's pre-tax profit increase of 108% is encouraging, the accounts show that, after three years in the red up to 1979, the group still has a long way to go to a complete recovery

Profit growth to R665 000 (R315 000) exceeded the increase in turnover but, being calculated from an extremely low base this is not particularly significant

Gross return on capital employed — before tax and interest payments — rose from 9% in 1979 to 11 2% last year Although still low, this is at least sufficient now to cover the cost of the group's extensive borrowings During the year long-term loans declined slightly to R1 7m (R1 9m) but short-term borrowing rose 19% from R2 6m to R3 1m Interest paid however dropped to R471 000 compared with R522 000 in 1979, probably reflecting the lower rates which prevailed during most of the period

Nevertheless the return on capital employed remains well below what most industrial companies are currently achieving, and gross profit could comfortably be doubled if the return is to be brought into line The net return of 11,4% on ordinary shareholders funds also leaves room for considerable improvement

Severe competition in the clothing manufacturing industry has brought about a continuing problem of tight margins One indication of this is the fact that few manufacturers will publish turnover information, other than percentage changes

Dugson has succeeded in pushing up turnover over the last two years and has achieved a satisfactory level of capacity utilisation But the group's gross margin on turnover is still only 69% of what it was in 1975 This position could change, however, as some retail sources believe that clothing prices may be set for sharp increases

Despite the profit improvement, the dividend drought continued for the fifth consecutive year Reasons for this include uncertainty over interest rates and the high cost of bank credit Furthermore, the company is likely to continue to retain all profits this year because of the need to strengthen financial structure

Overall finances received a boost during 1980 with the receipt of R380 000 — the first of six annual instalments on the redemption of a R2,4m investment in Zimbabwe government bonds These funds, which represent the proceeds of the sale of Bulawayo Clothing in 1976 and certain other investments, yield only 4% and are subject to Zimbabwe foreign exchange regulations It is not difficult to see why the directors are anxious to repatriate these funds, since they represent a substantial portion of net worth and could certainly be more profitably employed by the group locally

Other than a R30 000 provision in Zimbabwe, the group paid no normal tax last year because of past assessed tax losses However, the balance of these losses dropped by only R77 000 to R2,65m, suggesting that additional assessed losses were created If this situation continues, it appears unlikely that the company will be liable for tax for a number of years to come

Despite the company's rationale on dividends, indications are that the market was disappointed with the lack of even a token payment for 1980 Whereas a year ago the share was trading at the same earnings multiple as the rest of the clothing sector, at 32% it now yields 10 percentage points more than the sector average

Chris Wilson

SANS WARNS OF THREAT TO WORKERS

Argus 25/4/81

184

THE textile and clothing industries, which are seriously threatened by the Government's intention to scrap quantitative controls on imports, employ about one in every six workers in the manufacturing sector in South Africa.

South African Nylon Spinners says this in the quarterly journal of the AECI group.

It says the Government's policy, coupled with the current boom, makes South Africa an attractive market for dumping surplus fabric and garments which 'do not always reflect production costs'.

AECI is the holding company of South African Nylon Spinners, which employs about 3 000 people.

DRIVEN OUT

SANS says more than 20 percent of companies using man-made fabrics were driven out of business in Western Europe, where this policy was adopted, mainly through dumping of American fibres which benefit from subsidies on oil and the advantages of economies of scale.

Another factor was the movement into Europe by Far East producers who could take advantage of lower wage structures and export subsidies.

The result was 'virtual decimation' of the European textile and clothing industries with widespread recession and redundancy, especially in Britain.

Local industries employ 16 percent of the workforce in the manufacturing sector, with a conservative estimate of an additional 3 500 workers annually.

QUICKLY FELT

The effects of the destabilisation of these industries would be quickly felt in the form of reduced consumer spending.

At present, workers and their dependants constitute more than one-million people, who rely on the industries for a livelihood.

The effects were previously experienced in 1974 and 1976 when excessive imports made 15 percent of workers in the industry redundant.

Warning that duty protection is not enough, the company says that once destroyed or even badly damaged, 'the local synthetic fibre and textile industries could not be restored to their present healthy condition in any reasonable period.

'Quite apart from the social ramifications, many strategic industries with business based on a consistent supply of nylon and polyester yarn, could find themselves subject to the vagaries of international politics.'

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significant number of people would opt out in favour of a different scheme, or choose not to purchase medical insurance at all. Otherwise, why is it compulsory?

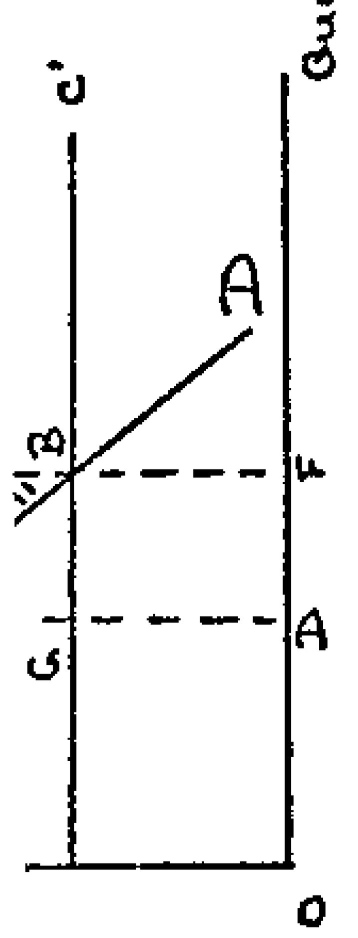
The reasons why this scheme is compulsory are simple and obvious from the actuarial point of view. For the economist, however, the scheme is an interesting one, the r[illegible] exist at all. What after all are [illegible] sickness, since our state of health [illegible] our contributions. We are in fact [illegible] precisely against doctor's bills. UCT is of course typical of many em[illegible] its employees in this respect is s[illegible] no scheme to insure members of staf[illegible] motor mechanics, all of whom perfor[illegible] our health and welfare. Can we, t[illegible] a "special" commodity? Clearly as [illegible] concerned it is - but what are the [illegible]

This paper will attempt to ans[illegible] considers the question of health pr[illegible] It will be argued that the conventi[illegible] can be applied to an analysis of the health market. It will be suggested that the concept of equity on the other hand does not provide useful policy guidelines. Section III will discuss the market for health in South Africa. It will be concluded that health is an unusual commodity primarily because the restrictions on market forces make it so. Section IV contains certain policy prescriptions.

II. Health - a public good?

It is often argued that health is a unique commodity and as such requires special attention. Insofar as every commodity is unique

(since this is what differentiates it from other commodities) there can be no doubt that the argument is a correct one. It does not automatically follow however that special arrangements must be made for the provision of health care.[2] To this question we now turn our attention. The discussion is unavoidably theoretical.



We assume that the demand schedule of the individual for medical services is downward sloping. For simplicity we assume constant returns to scale. Under a free market situation medical services will be consumed up to point A. If services were provided at below their actual cost - say at a price of C' - inefficiency would result. This can be quite precisely defined. Under the subsidy scheme the patient purchases an extra DF of resources at a cost of ACFD. He pays DGBF for

DUBIN INVESTMENTS

A good suit

(184) FM 1/5/81

Activities: *Industrial holding company owning 100% of SA Clothing and Man-About-Town Has small property interests and a financing arm Also has diversified holdings in consumer electronics, printing, packaging and computer services Directors hold 77,5% of the equity*

Chairman: *A Dubin*

Capital structure· *10,3m ordinaries of 50c, 125 000 5,5% cum prefs of R2 and 461 000 14% cum con red prefs of R1 Market capitalisation R15,3m*

Financial: *Year to December 31 1980 Borrowings long- and medium-term, R5,4m, net short-term, R7,9m Debt equity ratio 96,9% Current ratio 1,8 Group cash flow R4,8m*

Share market: *Price 149c (1980-81 high, 153c, low, 90c, trading volume last quarter, 2,2m shares) Yields 26,5% on earnings, 7,7% on dividend Cover 3,5 PE ratio 3,8*

	'77	'78	'79	'80
Return on cap %	25,9	17,4	20,9	27,1
Turnover (Rm)	44,5	49,5	62,5	67,5
Pre-tax profit (Rm)	3,7	3,1	4,1	6,2
Gross margin %	10 4	8,8	9,1	11 5
Earnings (c)	18,6	19,3	25,9	39,5
Dividends (c)	7	7	8,5	11,5
Net asset value (c)	70	82	99	129

Seardel's offer for Dubin, valued at 159c at current market prices, represents a premium of only 6,8% on the Dubin share price But in view of prospective income gains and the chance of a longer-term cheap entry into a larger clothing group, acceptance would appear assured

In 1980 Dubin reported sluggish turnover growth of 8%, in part a reflection of the previous year's 26% sales rise and full capacity utilisation at the factories However, lower interest rates and operational gearing meant the pre-tax profit gain was more impressive at 51% In addition, the group continued to improve its financial ratios, with gearing down to 97% (129%) and a current ratio of 1,8 (1,7) Cash flow was boosted to the extent that total borrowings of R13,5m (R14,3m) could be repaid within less than three years, compared with over four previously

Chairman Abe Dubin expects that the acquisition of the Pleasurewear group, bought since the year-end, will produce higher sales Last year the clothing division, which contributes 81% of group taxed profit, recorded a 61% earnings improvement

Competition in the industry is still intense, so a similar profit increase this year appears unlikely But if economic growth continues as expected, the gain could still be material.

Non-clothing activities kicked in with an 11,1% earnings improvement, largely attributable to the distribution of Kenwood hi-fi equipment As with clothing, this division also promises a solid improvement in 1981 Dubin sold a beachfront property for R760 000 which, the directors feel, will usefully augment working capital.

TAXED PROFIT BREAKDOWN

	1979	1980
	R000	
Clothing	2 080	3 345
Non-clothing	715	798
	2,795	4 143

The directors offer no firm forecast for the current year, but the first two months have been "most satisfactory " It would probably not be unrealistic to assume earnings growth this year of at least 20% which, with an unchanged cover, could mean a dividend of around 14c This places the share on a 9,4% prospective yield at 149c

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Taxed profit rose 36,3% to slightly under R2 5m (R1 8m) which, the directors say, is due to increased throughput and sales, as well as a new loom installation in the second half of the year

But turnover was up only 16,4% to R16,4m (R14,1m) An equally important factor in the 35% gross profit rise, therefore, was a further significant broadening of the gross margin from 19,9% to 23,1% This ratio is now more than double its level four years ago

The improvement appears to stem from more effective cost control and asset management, and the benefits which flow from new equipment and know-how

Last year, the company's capex amounted to R1,7m and further commitments of R1,4m have been authorised for 1981 These funds will be used to increase production capacity and will be provided internally With a gross cash flow (before dividends) of R3m (R2,2m) last year, this should prove to be no burden

An indication of the company's cash generating ability is that, in addition to funding capex of R1,7m in 1980, it was able to reduce borrowings by 30%, bringing the debt equity ratio down to 2,3% (4,2%) This year's planned capex is, furthermore, covered by year-end net cash holdings of R1,6m (R2m). Financial structure thus remains very conservative, although this is possibly due to some extent to the company's largely foreign ownership

The capex programme, combined with concessions because of the company's location in an economic development area, has kept the tax rate low at around 32%

Earnings per share rose 35% last year to 145c (107c) At 500c the share is thus on a PE of 3,5 — one point less than the sector average Dividends shot up 66% to 50c (30c) and, given the strong cash flow, it is likely that cover will be further reduced

Since distributions were resumed in 1977, cover has been progressively lowered from 4,5 times to slightly under three So if last year's earnings performance is repeated, a payout of at least 80c looks possible

This places the share on a prospective yield of 16% But with the Dutch parent, Nijverdal, holding 82% of the equity, precious few shares are traded This lack of market interest is thus likely to limit any price advance

Chris Wilson

Chamber of Commerce wants import curbs dropped

CLOTHING PLANTS CAN'T COPE, SAY RETAILERS

S. Argus 2/5/81 ~~301~~ 184

By TOM HOOD

CLOTHING retailers estimate sales worth millions of rands are being lost because the country's booming factories cannot supply the goods they need.

A report by the Cape Town Chamber of Commerce this week says 'Despite record levels of clothing imports, supplies from clothing factories are not keeping pace with demand and the position is getting worse by the day.

35 to over 100 percent, and hit cheaper clothing imports particularly hard.

'Efficient South African clothing manufacturers have not only held their own in overseas export markets against Far East competitors but many have been able to increase their market share'

To suggest that tighter import curbs were needed to safeguard employment in the clothing industry was to suggest that South Africa must subsidise inefficient and uneconomic producers when the crying need was for greater efficiency and the development of export markets

High levels

Virtually all efficient clothing producers had full order books and could not keep pace with local as well as export demands

'There is an acute shortage of skilled workers and the chamber cannot support measures designed to prop up uneconomic manufacturers that siphon off scarce resources and add costs that can only lead to higher prices for consumers'

Mr J A Greenhalgh, chairman of the chamber's foreign trade committee, said every businessman recognised the need to support local industry But there was room for imports of the goods which they were not geared to make

Mr Rein Badings, group merchandise controller of Stuttafords, claimed factories were overcommitted and could not supply efficiently Goods normally ordered six months ahead of the winter season could not be delivered in time and had to be cancelled.

Cancelled

Cancellations ranged from 18 to 30 percent of women's garments and the potential loss of revenue to the group's stores was R500 000.

'It will be the same in the summer season and it could mean another R500 000,' he said

With only two or three weeks to go before the

~~Continued on Page 2~~

P.T.O

S. Argus 2/5/81

Clothing plants

184 ~~301~~

From Page 1

cut-off point for winter season deliveries of men's wear only 48 percent of orders had been received. The cancellation factor could be about 30 percent across the group.

'It plays havoc with budgets. If we don't have the merchandise in time it is too late to import for the season.'

Manufacturers gave priority to the big chains at the expense of the smaller retailers, he claimed.

'We are being forced to import more goods. But clothing was not affected by the relaxation of import permits in the last Budget and we get 60 percent of the permits we apply for.

'Only increased competition from imports will stimulate clothing firms to be more competitive.'

Imports vital

Mr Philip Krawitz, managing director of Cape Union Mart and Sparks and Ellis, said goods ordered last June and July from local manufacturers had still not been delivered.

Letters from 11 local manufacturers showed delays of as much as eight and nine months.

'The big chains are buying in vast quantities and obtaining prices lines that are unobtainable to the small retailer Imports are vital for us in view of the overcommitted local market.'

The chamber can cite countless cases of late deliveries, cancellations of orders and unfulfilled promises by local clothing factories.

The chamber wants import control removed and says its continued application is contrary to the country's best economic interests.

Clothing manufacturers have called for higher Customs duties and tight control of clothing imports which could pose a threat to employment in the industry.

Replying to the industry's claims the chamber said this week that customs tariffs on clothing imports were already at high levels, ranging from

Delays in deliveries caused tremendous cash flow problems and could seriously threaten a small business, while the big chains could depend on other lines for sales.

New duties

A firm of importers calculates the price of inexpensive shirts will rise by at least a third if new duties are implemented.

A shirt of good quality sells for between R5,95 and R6,50 compared with R7,95 and R8,95 for a locally made shirt of similar quality. But the new duty will add R3 to the landed cost and price it completely out of the market.

'The cheap shirts currently being imported are intended for the poorer sectors of the community, many of whom are employed in the clothing industry,' said a spokesman for the firm.

'The effect of such an increase on one of their basic essentials will simply earn further pressure on salaries.'

BUSINESS

Clothing scarce — but SA makers seek protection

Own Correspondent

CAPE TOWN — Clothing retailers report that sales worth millions of rands are being lost because booming factories cannot supply the goods they need.

"Despite record levels of clothing imports, supplies from national factories are not keeping pace with demand and the position is getting worse by the day," says a report by the Cape Town Chamber of Commerce.

"The Chamber can cite countless cases, of late deliveries cancellations of orders and unfulfilled promises by clothing factories."

IMPORT CONTROL

The chamber wants import control removed and says its continued application is contrary to the country's best economic interests.

Clothing manufacturers have called for higher customs duties and tight control of clothing imports which could pose a threat to employment in the industry.

Replying to the industry's claims, the chamber said that Customs tariffs on clothing imports are already at high levels, ranging from 35 to more than 100 percent, and hit cheaper clothing imports particularly hard.

"Efficient clothing manufacturers have not only held their own in overseas export markets against Far East competitors, but many have been able to increase their market share."

To suggest that tighter import curbs were needed to safeguard employment in the industry was to suggest that South Africa must subsidise inefficient and uneconomic producers when the crying need was for greater efficiency and the development of export markets.

Nearly all efficient clothing producers had full order books and could not keep pace with local as well as export demands.

"There is an acute shortage of skilled workers and the chamber cannot support measures designed to prop up uneconomic manufacturers that siphon off scarce resources and add to costs that can only lead to higher prices for retail buyers."

Mr James Greenhalgh, chairman of the Cape Town Chamber of Commerce's foreign-trade committee, said that every businessman recognised the need to support local industry, but there was room for imports of the goods which they were not geared to make.

Mr Rein Badings, group merchandise controller of Stuttafords, claimed that factories were overcommitted and could not supply efficiently.

Goods normally ordered six months ahead of the winter season could not be delivered in time and had to be cancelled. Cancellations ranged from 18 to 30 percent of women's garments and the potential loss of revenue to the group's stores was R500 000. "It will be the same in the summer season and it could mean another R500 000," he said.

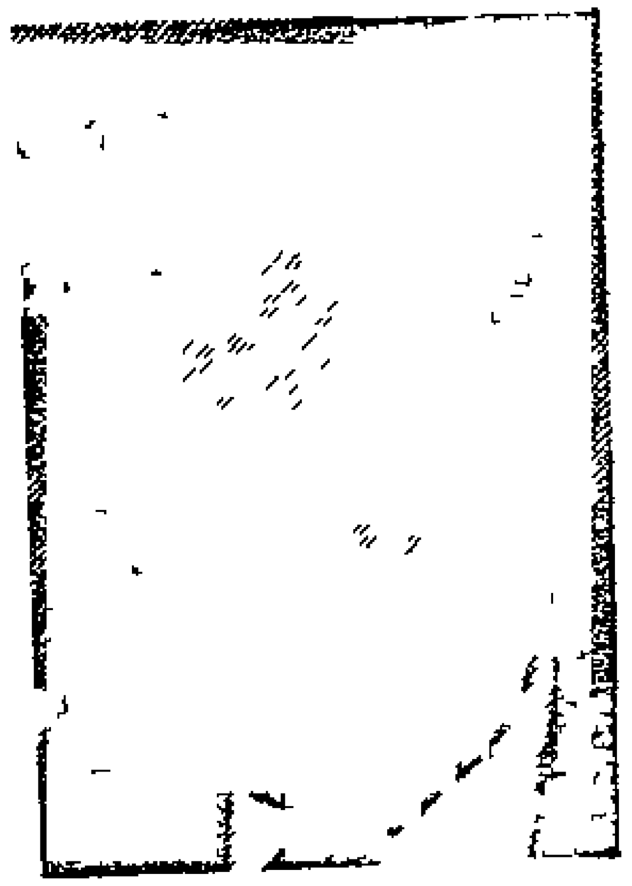
With only a few weeks to go before the cut-off point for winter-season deliveries, only 48 percent of orders had been filled. Cancellation could be about 30 percent across the group.

"This plays havoc with budgets. If we don't have the merchandise in time it is too late to import for the season."

Manufacturers gave priority to the big chains at the expense of the smaller retailers, he claimed.

"We are being forced to import more goods but clothing was not affected by the relaxation of import permits in the last budget and we only get 60 percent of the permits we apply for. Only increased competition from imports will stimulate clothing firms to be more competitive."

Mr Philip Krawitz, a managing director of Cape Union Mart and Sparks and Ellis, said that goods ordered last June and July from manufacturers have still not been delivered. Letters from 11 manufacturers showed delays as long as eight and nine months.



Mr Charles Humphris has been appointed group national sales manager of the Argus Marketing Division. Mr Humphris, who is well known to advertising agencies and clients, was previously advertisement manager of Post Transvaal and Sunday Post and subsequently Sowetan.

Dollar soars

LONDON — Sharply higher US interest rates sent the dollar soaring on foreign exchanges yesterday, adding to the problems of European banking authorities already hard-pressed to contain the American currency's recent vigour. — Sapa-Reuter

ENSIGN FM 8/5/81 (184)

Patchy record

Activities. *Clothing manufacturer Directors hold 53% of the equity*
Chairman· *D de Waal Meyer, managing director R Roy*
Capital structure: *660 000 ordinaries of 50c, and 185 000 6% cum prefs of R2 Market capitalisation R1,5m*
Financial: *Year to December 31 1980 Borrowings long- and medium-term, R450 000, net short-term, R596 000 Debt equity ratio 25,3% Current ratio 2,9 Group cash flow R33 000*
Share market: *Price 225c (1979-80 high, 225c, low, 120c, trading volume last quarter, 18 000 shares) Yields 16,4% on earnings PE ratio 6,1*

	††'77	'78	'79	'80
Return on cap %	*7,9	—	—	6,7
Turnover (Index)†	136	132	152	173
Pre-tax profit (Rm)	431	(512)	(194)	266
Earnings (c)	*31 9	—	—	37
Dividends (c)	*16 6	—	—	—
Net asset value (c)	487	409	533	570

* Annualised
† 1972=100
†† 18-month accounting period

Despite Ensign's return to profitability, its recent history of losses clouds the possible extent of any dividend payment Profit last year increased to R266 000 (R194 000 loss) and there was no tax charge due to accumulated losses

The patchy earnings record of the last three years is somewhat surprising, as company secretary Godfrey Heathcock says government contracts for the SAR & H, SAP and Army tend to balance out any downturn in the commercial side of the activities "Therefore, we are not as subject to economic movement," he says

Turnover rose 14,1% (14,8%) and cash flow turned around from a R176 000 outflow situation in 1979 to a R331 000 inflow Ensign's profit improvement in 1980 was attributable to the rationalisation of manufacturing activities, higher productivity and better efficiency, says chairman David de Waal Meyer

But, at the same time, no target ratios, which might indicate an increase in the rather low 6,7% return on capital, have been set There are no plans for expansion in the Cape clothing market, which is "bulging at the seams," according to Heathcock

The bank overdraft of R597 000 (R679 000) is still high and, although interest paid decreased to R83 000 (R115 000) total interest and leasing charges still constitute 28% of gross profit The overdraft does not pose a problem, according to Heathcock, who feels it will continue to come down considering 1980's improved performance

This appears to be a somewhat optimistic view, however, as a portion of the borrowings no doubt finances the high stock holding of R2,8m

Stocks have been maintained at this level due to the traditional problem in the clothing sector of unreliable deliveries from local textile mills — a problem which seems no closer to being solved The company is thus compelled to order fabrics from local suppliers 12 months in advance and "still the orders do not arrive in time," according to Heathcock Imports are not feasible as tariffs are too high, he adds

The share price is currently at its high of 225c and stands at a PE of 6,1 This would indicate that the share is fully priced With the group just hauling itself out of two year's losses, any payout is unlikely to be more than token The share thus holds little appeal *Cathi Warriner*

VEKA FM 8/5/81 (184)

Dressed up

Activities: *Manufacturer and distributor of men's and children's wear Wesco owns 29,2%, and Federale Volksbeleggings 29,7%, of the ordinary shares*

Chairman: *J D J de Necker, managing director H J Terreblanche*

Capital structure: *9,4m ordinaries of 50c, 1,5m 9,35% autom convertible prefs of 50c, 175 000 6,5% cum prefs of R2 Market capitalisation R5,8m (including conv prefs)*

Financial: *Year to December 31 1980 Borrowings long- and medium-term, R591 000, net short-term, R9m Debt equity ratio 75,5% Current ratio 1 4 Net cash flow R732 000*

Share market *53c (1980-1981 high, 90c, low, 43c, trading volume last quarter, 287 000 shares) Yields 28,5% on earnings, 5,7% on dividend Cover 5,0 PE ratio 3,5*

	'77	'78	'79	'80
Return on cap %	4 4	5,5	11 9	10 1
Turnover (Rm)	16 6	16 8	20,5	24,1
Pre-tax profit (Rm)	(0 3)	0,2	1,1	1,4
Gross margin %	—	5 0	8 7	8 3
Earnings (c)	7	—	11	15 1
Dividends (c)	—	—	—	3
Net asset value (c)	114	118	128	123

It took an unusually strong economic upturn to get Veka back on its feet The group is now stable in terms of its balance sheet structure and income projections

Veka's De Necker . concerned about raw materials

But, unfortunately, the general economic outlook suggests the recovery arrived a year too late for the group

Too late only from the point of view of squeezing extra marginal profit out of the upturn As it is, Veka is now in reasonable shape to ride out any stagnation, or even a small decline in sales

Wisely, the board used financial 1980 to strengthen the balance sheet The capital and debt structure is now shaped in accordance with the group's medium-term cash flow projections and stock financing needs

The 17,5% sales increase did not include much of a unit turnover boost, being largely accounted for by inflation But improved technical efficiencies and the higher volume experienced in the second half gave the group the profit required to recover from the poor first half when only R73 000 after tax was made

The gain on the year in pre-tax profit was not impressive, but the extent of the recovery can be judged against the four-year record seen in the table

The buoyant trading conditions were indirectly used to relieve the group of what had been an onerous arrear pref dividend debt of R435 000 The improved financial status of the group allowed for a successful rights offer which increased issued ords by 5m shares, and 1,5m prefs were also placed These prefs are automatically convertible into ords on the basis of 100 ords for 130 prefs in December 1983

Chairman Jan de Necker says sales budgets for 1981 are higher and there are certain lines where sales already exceed budget But he warns that raw material supplies could create problems

The outlook for the economy and the garment industry go against any excitement, despite the possibility that earnings may be increased this year The current dividend yield seems too low in view of the group's profit history and the need for defensive stocks on the market now What the yield may be saying is that Wesco could be prompted during the year to increase its stake But that seems a long shot

Ian Muil

PROGRESS

FM 8/5/81 (184)

Good prospects

Activities: *Manufactures knitwear, clothing and knitted fabrics Director's beneficial interest in share capital is 60%*
Chairman: *D Aronovsky, managing director· P D Jacobson*
Capital structure: *2,8m ordinaries of 50c, and 80 000 6% cum prefs of R2 Market capitalisation R2,9m*
Financial: *Year to December 31 1980 Borrowings long- and medium-term, R2,3m, net short-term, R540 000 Debt equity ratio 49% Current ratio 1,5 Group cash flow R1m Capital commitments R133 000*
Share market *Price 105c (1980-81 high 115c low 50c trading volume last quarter 176 000 shares) Yields 26,5% on earnings 11,4% on dividend Cover 2,3 PE ratio 3,8*

	'77	'78	'79	'80
Return on cap %	6 1	16 6	15 3	15
Turnover (Index*)	165	170	189	217
Pre tax profit (R000)	(259)	555	417	1 107
Earnings (c)	—	16 8	16 8	27 8
Dividends (c)	—	—	4	12
Net asset value (c)	162	178	183	209

1972=100

Progress Industries is undaunted by the possibility of an economic slump and managing director Peter Jacobson says the clothing sector should maintain it's real growth rate "We expect a real growth of 5% minimum this year" he comments

Pre-tax profit rose by 165% to R1,1m (R417 000) in the year ended December 31 on a turnover increase of only 15%, reflecting the buoyancy of the economy and better operating efficiency

Cash flow rose to R1m (R613 000) Liquidity was also boosted by the sale of property and the tufted carpets division, allowing the group to cut dividend cover from 4,2 to 2,3 Cover is expected to be maintained at this level

The rather low 15% return on capital will improve with the growth in profits from now on, according to Jacobson The debt equity ratio of 49% still allows for further borrowings but "the debt structure will not change in 1981 and the same ratios will be maintained," he says

Factories are running at almost full capacity, but despite this there are no major expansion plans Instead, the group will concentrate on improvements to production facilities in certain sections.

The problem of unreliable deliveries from textile factories has been partially overcome as "we make 95% of our own fabrics," says Jacobson "We do import some of our raw materials, which is slightly more expensive"

Stocks decreased by 5% to R3,6m (R3,8m), despite the rise in turnover But accounts receivable increased almost 24%, more in line with trading conditions, though this is distorted by the cancellation of a factoring agreement in September It is also interesting to note that current liabilities actually dropped over the year from R4,8m to R3,6m, with accounts payable falling to R2,6m (R4m)

Should earnings match Jacobson's forecast for the clothing sector, increasing to 34c, and the dividend cover of 2,3 is maintained, then a payout of 15c can be expected in 1981 This could be conservative, for chairman David Aronovsky says "turnover to date shows an increase of about 25% compared with the same period last year" If the improvement in operating margins can be maintained, the payout could eventually be higher *Cathi Warrmer*

Export drive pays off for Durban Clothing

S. Tribune 10/5/81 184

Finance Reporter

IT has been a super time for export-conscious Durban Clothing which, following a sustained marketing drive, has gained valuable markets far beyond Britain — its traditional selling base.

It's a success story of a South African company's initiative which has hoisted its export earnings from R80 000 in 1978 to the multi-million rand level last year.

The drive by Durban Clothing to new horizons began three years ago when the company became part of the Dubin Investment group. Now Durban Clothing has firm footholds in the highly competitive countries of West Germany and Switzerland and to a growing extent in Holland and South America.

Says group export manager, John Blogg: "We concentrate on developing markets singly. Only by providing first-rate service — be it in the form of customer contact, firm deliveries, good packaging or product modification — can we help to overcome the initial disbelief that South Africa is a credible supplier of high-quality clothing."

Durban Clothing's chairman, A. Dubin, is every bit as enthusiastic on the importance of overseas ties and believes exports contribute to the stability of the company and therefore must form an integral part of the company's marketing operations.

Nominated Exporter of the Month in the March issue of Safto Exporter, Durban Clothing also had lady luck going hand in hand with its export build up.

Says Blogg: "After committing the cardinal sin of allowing our export business to fall off, we were very fortunate to be able to get back into the market relatively quickly."

The company found the German market a tough one to enter, with Switzerland tougher still, but persistence paid off and today regular shipments of suits, jackets and trousers are moving into the latter country.

* * *

• **ENTRIES** for the prestige Sunday Tribune/Safto Exporter of the Year competition close on Friday. If there are any queries or requests for application forms, please contact Phillida Seccombe or Jane Benjamin on Durban 324324.

Strategy for clothing industry needed — Getz

184 Argus 13/5/81

STABILITY for the clothing industry and a future for its work force lies in a considered industrial strategy related to total and regional needs, says the chairman of the Cape Clothing Manufacturers' Association, Mr Mike Getz.

'The hopes we have for our society can no longer be satisfied by a policy confined to heavy investment orientation.

'We need planned consideration to the development of skills and the acquisition of markets'

South Africa has no strategy for its labour intensive industry

DISTORTIONS

'The Western Cape, so dependent on this type of industry, probably cannot evolve a strategy of its own This situation leads to distortions in our economy to the extent that we sometimes find the capital intensive sector being subsidised by labour-intensive industry'

Added value and marketing skills were undeveloped and lacking in the private and public sectors This increased problems of dialogue and communication with Government and led to ineffective and unrealistic planning

Mr Getz, commenting on last week's wage increase in the clothing industry, said employers acknowledged the need to protect earnings against inflation by agreeing to a 7,5 percent increase, although this was outside the framework of an earlier understanding with the Garment Workers' Union

DIFFICULT

The decision, he said, was difficult in the light of

- Interim increases of this type are not always recoverable against forward orders and retailers were sometimes unsympathetic and unresponsive to quite modest increases in price
- Imports of clothing have increased significantly, with South Africa being a tempting target for dumping
- Loose talk on free trade and protectionism is thoroughly confusing planners in the public and private sectors

'South Africa no less than the Western world and Japan has and will retain strong elements of protection within its infrastructure It must do so because its trading partners do'

C. Herald 16/5/81 (184) ~~393~~ ~~197~~ 12 ~~135~~ ~~74~~

Clothing workers to lose jobs?

By ANEEZ SALIE

THOUSANDS of textile and garment workers could lose their jobs — and the market could be flooded with cheap imports — if the Government goes through with plans to drop certain import controls, trade unionists have warned

The authorities plan to scrap controls on the amount of imports which could lead to a flooding of the local market with cheap and inferior quality garments and textiles

With inflation at its current high level, consumers would choose the cheaper imported product instead of the higher quality and more expensive local version

A drop in demand for locally manufactured products would force producers to cut back on production resulting in retrenchments

The assistant secretary of the Garment Workers Union of the Western Province, Mr C Petersen, told of how the market was already well supplied with foreign cheap garments:

BIG WALK

'The union organised a big walk the other day and we decided to print teeshirts for the few hundred participants.

'When we priced a batch we found several foreign ones and the cheapest was one from Taiwan

'Although we would have saved quite a bit had we bought the readily available, cheaper foreign product we decided on a point of principle, to purchase a local one

'That experience was really an eye opener for us — if we needed one in the first place.

'The point to note is that the ordinary consumer would not have bought something on principle, but would rather have been influenced by the price'

There are about 250 000 garment and textile workers in South Africa, representing a sixth of the workforce in the manufacturing sector.

Bearing in mind the workers' dependants, more than a million South Africans are dependent on the garment and textile industries

The effects of excessive imports were felt in 1974 and 1976 when 15 percent of the employees in the industry were retrenched

ATI sets sights on clothing firms

Argus 21/5/81 (184)

THE giant Anglo Transvaal Industries group is negotiating to take over two Cape clothing manufacturers, Puma and Pastel Clothing, in a multi-million-rand deal.

Both factories are in Athlone. Puma, employing about 600 workers, is one of the country's largest fabric knitters.

Negotiations for the takeover have reached an advanced stage, says an announcement by ATI and Risa Investments, holding company of Puma and Pastel.

This will be ATI's first venture into the clothing field although it is in textiles through a 56 per-cent stake in SA Fine Worsteds.

ATI, with assets of around R250-million, has many industrial subsidiaries, including Globe Engineering, Irvin and Johnson, Consolidated Glass, Claude Neon Lights, National Bolts, South Atlantic Corporation, Denver Metal Works and T W Beckett.

Tom Hood

Burhose strikers all return to work

STAR 29/5/81 ~~152~~ 184

MARITZBURG — All the workers who went on strike at the Burhose factory at Estcourt on Monday have returned.

Mr Pat Chapman, the manager, said today that all his workers reported today and that they had all been re-engaged after having dismissed themselves on Tuesday

"When they were still out on Tuesday they were told to start work or consider that they had dismissed themselves and to collect their outstanding wages the same day

"Nobody claimed their wages and I was informed yesterday that they were prepared to start work today

"They have lost three days' pay — Monday, Tuesday, Wednesday — but as yesterday was a holiday and they were prepared to start today, we have decided to pay them wages for yesterday also," he said

Back at work

NM 30/5/81 (184

Pietermaritzburg Bureau

THE bulk of 1 300 Estcourt Burhose workers who downed tools on Monday over wage demands were back at work yesterday according to the manager of the factory Mr P Chapman

Management did not bow to the demands of workers, who were said to have demanded double the R15 to R21 they earn at present They would probably negotiate at a later stage said Mr Chapman

'There's a lot of work to do at the moment so the workers will probably elect a negotiations committee next week' he said

Clothing industry must meet challenge of inflation

RM 30/5/81 (184)

IF the clothing industry in the Western Cape is to survive it will need to meet "the insidious challenge of inflation head on.

This is the view of Mr M A Getz, chairman of the Cape Clothing Manufacturers Association

The industry's thin and sometimes unrewarding profit margins will have to be protected, he says in a contribution to a report on the future development of the Western Cape by the Stellenbosch Bureau for Economic Research

'First, there will have to be productivity improvements. We can no longer afford the lax practices of using cheap labour.

'Nor can the textile and retail sectors be indulged as infant industries fostered at the cost of the community, more often to the specific detriment of the clothing manufacturing industry.'

A more united and powerful voice must be heard in public from the private sector

'We must motivate greater interest in our educational authorities and in the institutions of higher learning about our particular needs

'Neither of the Western Cape business schools teaches anything at all about the garment industry as an important factor in the local economy.'

Commerce claims retailers could lose millions because of late deliveries

Clothing factories getting out of gear

S. Tribune 3/5/81 184

Tribune Reporter

ING factories are not producing the time and retailers stand to lose millions because of late deliveries and cancel-f orders

there could be a shortage of clothes in the y s shops if manufacturers have their way and suc- in curbing imports to protect their labour force

"Despite record levels of clothing imports, supplies from clothing factories are not keeping pace with demand and the position is getting worse by the day," says a report by Cape Town Chamber of Commerce this week

"The chamber can cite countless cases of late deliveries, cancellations of orders and unfulfilled promises by local clothing factories"

The chamber wants import control removed and says its continued application is contrary to the country's best economic interests

But clothing manufacturers have called for higher customs duties andtight control of clothing imports which could pose a threat to employment in the industry.

Replying to the industry's call, the chamber said this week that customs tariffs on clothing imports are already at high levels, ranging from 35 to over 100 percent, and bit cheaper clothing imports particularly hard

"Efficient South African clothing manufacturers have not only held their own in overseas export markets against Far East competitors but many have been able to increase their market share"

To suggest that tighter import curbs were needed to safeguard employment in the clothing industry was to suggest that South Africa must subsidise inefficient and uneconomic producers when the crying need was for greater efficiency and the development of export markets

Virtually all efficient clothing producers had full order books and could not keep pace with local as well as export demands

"There is an acute shortage of skilled workers and the chamber cannot support measures designed to prop up economic manufacturers that siphon off scarce resources and add to costs that can only lead to higher prices for consumers"

James Greenhalgh, chairman of the chamber's foreign trade committee, said every businessman recognised the need to support local industry. But there was room for imports of the goods which they were not geared to make

Rein Badings, group merchandise controller of Stuttafords, claimed factories were over-committed and could not supply efficiently

Goods normally ordered six months ahead of the winter season could not be delivered in time and had to be cancelled.

Cancellations ranged from 18 to 30 percent of women's garments and the potential loss of revenue to the group's stores was R500 000

"It will be the same in the summer season and it could mean another R500 000," he said

With only two or three weeks to go before the cut-off point for winter season deliveries, only 48 percent of orders had been received. The cancellation factor could be about 30 percent across the group.

"It plays havoc with budgets. If we don't have the merchandise in time, it is too late to import for the season"

Philip Krawitz, managing director of Cape Union Mart and Sparks and Ellis, said goods ordered last June and July from local manufacturers have still not been delivered.

Clothing exporters hold their share of market

CT 2/6/81 (184) (44)

By ALEX PETERSEN
Finance Reporter

IN SPITE of the recession in Europe and North America, clothing manufacturers who have traditionally been exporters have maintained, or even increased their market position in overseas countries

Mr Peet Lategan, export promotions officer of the Board of Trade, said this week that although there had been fewer inquiries this year than last from potential exporters, manufacturers already exporting had nevertheless maintained their market share

Export figures to November 1980 suggest a slight increase for the year over the 1979 export figure of R32,32-million says the president of the National Clothing Federation, Mr Simon Jocum, who predicts that export orders could rise to R40 m this year

He points out that 60% of the exports come from manufacturers in the Cape, where he estimates that a total of about 35 out of the roughly 1 000 factories are involved in exporting

"The competitive edge of these exporters lies in their quality and styling, as well as aggressive sales effort," says Mr Jocum

A spokesman for Rex Trueform, who have long been in the export field said that the company had "more than maintained" their market in the Britain

"We have a growth factor every year, and in spite of the recession, we have met this figure We have been well supported by long-standing customers "

Rex Trueform concentrate their exports on men's suits, tailored jackets and trousers, as well as their Cassidy range of ladies slacks, skirts and jackets, which carry either the Rex Trueform International label, or the label of the importing retailer

The company is also optimistic about the signs of an upturn in the British market "We feel there is going to be a change in attitude Trade is starting to pick up slightly "

For exporters, stiff bank interest rates as well as poor consumer demand have affected South African exports "Most retailers and distributors have tended to keep stock levels down," says Mr Brian Berman of Meritex

"People have been facing problems financing their stockholding " This has meant that exporters have had to be able to make quick deliveries where a market opportunity has occurred, often having to utilize air freight, which adds a substantial cost factor

Mr Berman said Meritex, who mke knitted garments, had increased their export figures but "not to what we hoped "

Most exporters agreed that the North American market had been more difficult, but with the stronger dollar, there was optimism of increased business in the near future

But exports to Germany, say manufacturers, will be problematic for the forseeable future largely due to the over 20 percent depreciation of the Deutchmark against the rand, which means that despite much higher labour costs, the comparable German-made articles were available at the same price

One reason behind the success of the exports has been the introduction in September last year of an incentive scheme in the form of tax rebates on exports But confusion on some of the terms of rebates on imported fabric duties is seen by some manufacturers as having retarded export potential

The range available in imported fabrics can often make a crucial difference in the finicky fashion business

"There has been no incentive to land fabric," says Mr Jocum But he says that following discussions on the terms with the Board of Trade, 'clarity is emerging"

Just how well clothing exports will do this year will start becoming evident in July and August, when buyers wil view ranges for delivery in February and March for the northern hemisphere spring season

Burlington doubles profit: Dividend up

14/4/81

CAPE TOWN based Burlington Industries more than doubled its profits last year and has increased its dividend payout by 50 percent, the chairman, Mr P Kawitzky, reports

Taxed profit attributable to ordinary shareholders was R246 314, equal to 42,7c a share, against R119 978 equal to 20c a share, in 1979

A final dividend of 7,5c (5c) makes 11,25c (7 5c) for the year

The company gave priority in 1980 to expanding capacity in the knitwear division to meet the demand for ladies' outerwear and this expansion is continuing

Turnover in the men's wear division, which makes shirts and leisurewear also increased and improved results have been achieved

Production of both factories has been taken up for the rest of the year and earnings should equal last year's, provided inflationary trends remain at a reasonable rate

Derek Tommey

FINANCE

CHEAP IMPORTS THREAT TO JOB CREATION

10/6/81 Argus

184

Clothing chief

Argus Correspondent

DURBAN. — South Africa will forfeit 75 000 potential jobs by 1987 if fabric and clothing imports are unchecked, Mr D Solomon, director of SA Clothing Industries, says.

Addressing a Corporation for Economic Development seminar on the clothing industry, Mr Solomon urged the Government to adopt tariff protection as well as quantitative control on imports

He said that by allowing cheap clothing from undeveloped countries to come in freely, South Africa was courting disaster

This could be seen from the situation in Britain and Europe, where an inept official policy had led to the decimation of the clothing and textiles industries

OVERALL LOSS

A total of 1,4 million jobs had been lost there between 1970 and 1977 Today the overall loss was nearing two million

If fabric and clothing imports were allowed to grow in South Africa at 50 percent of local demand, there would be 75 000 fewer jobs by 1987 Yet job creation was the country's most important priority

To keep pace with the population growth, 1 400 new jobs would need to be created each day

The chairman of Romatex, Mr Jack Ward, has also called for protection against imports of textiles and clothing

He said the industry was facing imports from countries where the cost of raw materials was much lower than in South Africa

Goods were being landed in South Africa at well below local production costs Goods were also being sold here at below the production costs in the country of origin — a clear sign of dumping

Import permits granted for clothing imports had increased from R212-million for the whole of 1980 to R140 million for the first three months of this year

Imports of finished garments were a particular problem to the local clothing industry

(15) (16)

the course of action that it follows, may be very different from the ... rather than the incidence of the diseases in the community as dominant interest groups in the wider community. It has even been argued that beaurocracies develop their own dynamic and that consequ... decisions taken in the public sector are more likely to reflect the preferences of the beaurocrats, than those of society as a whole or even those of the electorate(16).

In the health field medical personnel have been singled out as being frequently guilty of pushing through their own preferences by failin... provide the lay members of the beaurocratic decision group with suff... information. As a result of this ... highly technical hospitals that satisfy the ego's ... particular section of the medical ... from the community's viewpoint a ... of large scale coverage by mobile ... consistancy of medical decisions ... fact that there is no consistanc... expansion of hospital beds is it ... patient days spent in hospital(1... often allocated by health plann... esoteric diseases as a result o... professionals(19). The influe... allocation of resources is not ... of public sector health alone, ... may also reflect the doctor's ...

(16) Duncan K. Foley. State ... Journal of Public Econom...

(17) The lack of consistancy ... and documented in Michae... Croom Helm, London 1975, Chapter 6.

(18) Milton I. Roemer, 'Bed Supply and Hospital Utilization: A Natural Experiment', Hospitals 35 No. 21, Nov. 1961, pp. 36-42.

(19) The arguments advanced in M.F. Drummond, 'Sharing Resources for Health; England - The Case of Teaching Hospitals', in A.J. Culyer and K.G. Wright, Economic Aspects of Health Services, Martin Robertson, London, 1978, pp. 141-154 are also relevant here.

(20) For ... reported in ... Federal Republic of Germany: Epidemiology and ... Problems', Medical Care IX 311, 1971. Arrow argues even more strongly that the financial incentive that is present in the private hospitals encourages doctors to hospitalise unnecessarily. Kenneth J. Arrow op cit.

Burlington booms

CT 10/6/81 184

By PAUL DOLD
Financial Editor

CAPE TOWN clothing manufacturer Burlington Industries says that sales for the first four months of the current year are above last year's booming turnover levels and production capacity of the plants for the rest of the year has been fully absorbed

Chairman Mr P Kawitzky is optimistic that earnings should be maintained at the 1980 level provided inflation remains at a reasonable rate

Reflecting the consumer spending boom the group lifted taxed profits the past year by 108 percent on a 46 percent sales rise and earnings per share were 42,7 (20c)

The final dividend was raised 50 percent to 7,5c bringing the total for the year to 11,25c (7,5c) Burlington's dividend was pegged at 7,5c in 1978 and 1979

Soaring demand for knitwear sold under the Goldknit Bijou label has led to increased production in the knitwear division and capacity is being further raised Tax allowances and an assessed loss reduced the tax rate the past year from 25,2 percent to 21,8 percent Plant and equipment bought during the year was sharply higher at R362 413 (R95 273)

The menswear division, which produces shirts and leisurewear under the Marlboro and Leisure wear labels, had a succesful year with both sales and profits increasing

The annual report shows that stocks at R613 107 are well down from last year's R1,2m and liquidity has improved with retained income at the year end totalling R809 691 (R620 847) Debtors are up by R640 325 and creditors fell by R105 574

Chubb up 35%

JOHANNESBURG — Chubb Holdings increased taxed profit by 35 percent — from R1,4-million to R1,9-million — in the year to March 31, 1981

The company yesterday announced an increase in final dividend by 4c to 18c making a twice-covered 23c for the year compared with 18c last year

Group turnover rose by 29,8 percent during the year from R24-million to R31,2-million while pre-tax profits were 39 percent higher at R3-million

A feature of the reusults was a 56 percent increase (from R1,6-million to R2,5-million) in the pre-tax profits of the physical security division

The alarms division, however, did not achieve its anticipated improved performance and showed a drop in pre-tax profits from R234 000 to R196 000

The pre-tax profits of the fire security division were more or less unchanged at R364 000

According to the company, one of the reasons for the disappointing performance of the alarms division was the shortage of competent electronic technicians

Taxation rose from R760 000 to R1,1-million, leaving earnings per share of 46c against 34,3c in the previous year — Sapa

Introduction

Despite the inherent problems of using mortality data it is generally accepted that they provide an important, if incomplete indication of the health status of the communities from which they are derived. Clearly, they must be interpreted with due consideration to their limitations. Quite apart from the fact that they are probably the antithesis of any communities health status, there are the problems associated with the reliability of diagnosis, the problems of incomplete reporting, the fact that they give no indication of prev[illegible] fatal, [illegible] data w[illegible] denomi[illegible] numera[illegible]

However, once these limitations are accepted, and when it is appreciated that mortality data provides only one aspect of the overall health-disease profile for any community, then the analysis of routinely collected statistics of the deaths occuring in a defined population provides important indices for the planning, implementation, surveillance and evaluation of the health services.

In South Africa the analysis of mortality data is of particular importance since, apart from the notification of certain, predominantly infectious

diseases and a recently instituted collection of hospital inpatient statistics[1], no morbidity data is collated on a routine basis at national level.[14] Thus, if the provision [illegible] n a rational and scientific basis the analys[illegible] be of fundamental importance in the overall a[illegible]

Although there i[illegible] ality experiences of the different South African communities [illegible] m routine sources, there

ii. To determine suitable methods of analysis and presentation of the data in order to provide comparable indices of the mortality profiles of the four communities.

iii. To make comment of these mortality profiles and to discuss their relevance to the provision of health services in South Africa.

Sources of Data

Information about the number of deaths occuring in South Africa by cause, age and sex is published annually by the Department of Statistics. These repo s

Clothing unions discuss merger

By STEVEN FRIEDMAN
Labour Reporter

MRS Lucy Mvubelo's (black) National Union of Clothing Workers will meet the (white and coloured) Garment Workers' Union of SA tonight to discuss amalgamating the two unions — but the NUCW's executive is opposed to a merger.

The prospect of the two unions amalgamating has prompted controversy within them and is being watched by other black unions in the Reef area.

The move is backed by the GWUSA and some employers in the industry, but has been resisted by the black union's National Executive Committee.

According to Garment Worker, the two unions' journal, both unions have agreed to the principle of amalgamation.

Even if there was an agreement in principle to go ahead, the issue, said Mrs Mvubelo, would be put to union shop stewards and then to a referendum of members.

Mrs Mvubelo, who is believed to personally favour amalgamation, confirmed that her union executive was opposed to amalgamating with the Garment Workers Union.

But she added "They may only be objecting for personal reasons.

"The executive consists of only 18 people. If we decide to amalgamate, the decision will be taken by the members," she said.

If the two unions amalgamated, the NUCW's black members would constitute a majority of members of the new multiracial union.

But it is understood that NUCW executive members feel that non-black unionists could still control the organisation because they have greater experience of operating within the official industrial council system.

The NUCW is a parallel union and critics charge that these unions tend to be dominated by their white or coloured parent unions — a charge they deny.

Last year the two unions agreed to work together in a formal federation in what was seen as a compromise between the pro- and anti-amalgamation camps.

The Garment Worker says there are strong and increasing pressures for a complete amalgamation between the two unions.

The most important point, however, is that "it is in the interests of workers to have one strong union representing them".

THE AIM, SCOPE AND METHOD OF THE PAPER

Much has been written about the ethical drug manufacturing industry. However, most of the work does not relate to South Africa and very little of it has been undertaken by economists. In addition, many of the writings concentrate on one or other specific problem within the industry.

A gap therefore exists and needs to be filled by an economic study of the ethical drug manufacturing industry in South Africa. It is the aim of this paper to fill the gap by providing a broad overview of both the production and marketing behaviour of the industry.

The paper has been prepared by undertaking a detailed investigation of the literature on the topic, by studying various government commissions and by interviewing and talking with people involved in the industry and academics and others concerned with it.

The number of people who gave me valuable information and help is large and many thanks are due to them. Acknowledgment is also due to The South African Labour and Development Research Unit for financial support while the bulk of the fieldwork for this study was done.

This relatively brief paper is based on a more comprehensive study submitted as an Economics Honours Thesis at U.C.T. (1978).

SECTION 1: INTRODUCTION

The paper is an attempt to delve into the issues surrounding the manufacturing sector of the ethical drug market that have become topical since the advent of the "Pharmaceutical Revolution".(1)

(1.1) The Industry and its Products:

The definition of the manufacturing sector adopted includes all firms involved in drug formulation, drug design or drug compounding and confectioning.(2) Both the production and the marketing activities of this sector of the industry will be analyzed, but the pharmaceutical trade (wholesalers and retailers) will not be discussed in depth.

. / ...

The products of the Pharmaceutical Industry comprise medicines, cosmetics and incidentals. Medicines, the subject of the paper, consist of scheduled drugs (also known as ethicals or prescription drugs) and unscheduled drugs (also known as over-the- counter lines).

The paper will focus on the ethical drug market. There

CT 18/6/87 (184) ~~135~~

Clothing unions to discuss merger

Own Correspondent

JOHANNESBURG — Mrs Lucy Mvubelo's (black) National Union of Clothing Workers will meet the (white and coloured) Garment Workers' Union of SA tonight to discuss amalgamating the two unions — but the NUCW's executive is opposed to a merger

The prospect of the two unions amalgamating has prompted controversy within the two unions and is being watched by other black unions on the Reef

The move is backed by the GWUSA and some employers in the industry, but has been resisted by the black union's national executive

Amalgamation

According to Garment Worker, the journal of the two unions, both unions have agreed to "the principle of amalgamation" However, Mrs Mvubelo said yesterday that this did not mean that an amalgamation was on the cards

Even if there was an agreement in priciple to go ahead, the issue would be put to union shop stewards and then to a referendum of members, she added

Mrs Mvubelo, who is believed to personally favour amalgamation, confirmed that her union executive was opposed to amalgamating with the Garment Workers' Union But she added "They may only be objecting for personal reasons"

"The executive is only 18 people, not the union itself If we decide to amalgamate, the decision will be taken by the members, not by the executive," she said

Majority

If the two unions amalgamated, the NUCW's members would constitute a majority of members of the new multiracial union

However, it is understood that NUCW executive members feel that non-black unionists could still control the organization because they have greater experience of operating within the official industrial council system

Last year, the two unions agreed to work together in a formal federation in what was seen as a compromise between the pro- and anti-amalgamation camps

The Garment Worker says there is increasing pressure for an amalgamation of the unions

has caused several issues of concern to emerge. These issues, each a facet of an interdependent system, will be analysed by the paper and include:

1. Profits and prices in the industry.
2. Promotion and advertising.
3. Generic and Brand Name usage.
4. Patenting of Ethical Drugs.
5. Research and Development.
6. Registration and Control of new Drugs.

. / ..

Jocum sees boom fading next year

Argus 20/6/81 (184)

THE clothing boom of 1981 is expected to level off in 1982 because of inflation and higher interest rates which will force retailers to cut inventories and hit consumers' buying power.

This is the view of Mr Simon Jocum, president of the National Clothing Federation, who has returned from a business visit to the United States and Europe

He says any large increase in imports of clothing could bring on a recession in the clothing industry, which would percolate through to textiles, fibres, the cotton farmer, button box and bag manufacturers and the sewing thread industry

"Any cut in production in the future would lead to unemployment and could lead to increased cost structures because of lower volumes and smaller production runs.

IMPORT CONTROL

The industry believes the Government may have misread the situation when announcing its policy to dismantle import control in 1980 when the gold price was higher and the balance of payments showed a surplus.

"The position has changed radically since then

"The clothing, textile and fibre industries have grown and prospered because of protection and it is too late in the day to dismantle import control.

"More than 400 000 jobs are at stake when considering the subsidiary industries"

RETRENCHMENT

"Should import control be relaxed, then the clothing industry will be forced to become importers of clothing just as their counterparts in the United States, Britain and Europe, to survive.

"The result would be retrenchment of labour as there is no reason for a manufacturer to employ labour with all its problems when it is far cheaper to import"

The landed cost of clothing from the Far East is less than the price of the material content supplied by the South African market.

"The Government must take heed of the lessons learned in the Western world, where the same appeals were ignored, resulting in such large-scale unemployment that their governments are doing everything to reverse the situation by stemming imports from the Far East through quota controls"

Clothing leader's strong words on cheap imports

Star 23/6/81 (184)

CAPE TOWN — The clothing industry faced widespread unemployment and recession, the president of the National Clothing Federation of South Africa, Mr Simon Jocum, warned in Cape Town yesterday.

These were the possible effects of the dismantling of import control announced by the government in May last year, he said

In a statement issued in Cape Town on return from a business visit overseas, Mr Jocum said "The clothing, textile and fibre industries have grown and prospered because of protection and it is too late in the day to dismantle import control."

He had seen the disastrous effects of cheap imports flooding into the United States and Europe. In an effort to combat this, Western countries were negotiating a multi-fibre agreement which was expected to contain severe cutbacks on clothing imports from the Far East.

RETRENCHMENT

Mr Jocum accused the South African Government of misreading the situation in 1980 when the country's balance of payments showed a surplus because of the high gold price.

"The position has changed radically since early 1980," he said.

If the State did not heed calls to stop the relaxation of import control, the clothing industry would be forced to become importers in order to survive This would mean retrenchment of labour.

More than 400 000 jobs were at stake, taking into account the subsidiary industries which sold to the clothing and textile industries

Any large increase in imports would lead to a recession in related industries too, he said

Mr Jocum conceded that it was far cheaper to import clothing. The landed cost of clothing from the Far East was less than the price of the material content supplied by the national market.

By controlling imports, the Government would encourage manufacturers to take on more labour, invest in buildings and plant, and continue to grow. There was no shortage of clothing or competition.

"Therefore, there is no reason to import any clothing, but only those items not available in South Africa or fashion items needed to boost a collection," Mr Jocum said.

If the clothing industry had to reply on import tariffs, as suggested by the State, these would have to be "exceedingly high" and tantamount to import control. High tariffs tended to protect the inefficient and became outdated and ineffective.

The clothing industry deserved to be singled out for special attention in the interests of the national economy.

Mr Jocum said that the federation would continue its effort to get the Government to accept its recommendations, based on the "disastrous events" in clothing industries in the Western world. — Sapa.

Plea for more clothing controls

CPN 25/6/81

(184) (24)

By SIMON WILLSON
Industrial Reporter

APPLYING quantitative controls, as well as tariff barriers, on imported fabric and clothing was necessary to protect jobs in the South African textile and clothing industries, a clothing manufacturer's conference was told on Monday.

Mr Denis Solomon, a director of SA Clothing Industries, told the conference, organised in Johannesburg by the Corporation for Economic Development, that tariff barriers applied alone constituted an inflationary form of protection.

"The director-general of Commerce and Industry, the chairman of the Board of Trade and others have told us that we should rely for our protection on the tariff structure. But this is not a cure for the disease. In effect it can increase prices.

"I believe that those responsible in Pretoria should be brought to realise that while we do need tariff protection, it is imperative that a quantitative control be instituted as well," Mr Solomon said.

Allowing cheap clothing from under-developed countries to come freely into South Africa would be "disastrous in the extreme", and investment in the clothing industry would be "difficult to establish" without official assurances that this would not happen.

"In South Africa to quantify the effect of inadequate protection is difficult. Let me just give you one fact to mull over if fabric and clothing imports are allowed to grow to 50% of local demand, by the year 1987 there will be 75 000 less jobs created, compared with Economic Development Programme growth rates."

Demand for clothing would increase this decade, Mr Solomon said, as the Government became aware of the necessity for better opportunities for all sections of the community.

More disposable income would become available and clothing would become a status symbol of the new wealth.

"Without creating increased production a demand-pull inflationary spiral could develop. It is therefore vital for us to have extra availability from within our own resources," he said.

for its output. If it specializes ie conveyor belts etc. it will acheive a greater efficiency and output. Beyond a ... periences increasing administration

p ... ing its efficiency ~~a~~ to output ratio

t ... gives the ~~AC~~ LRATC the 'U' shape.

NINIAN & LESTER 184

Market threats

FM 26/6/81

Activities: *Durban-based knitwear and clothing manufacturer Protea Knitting Mills, Consolidated Jersey and Elmar are wholly-owned subsidiaries*
Chairman· *M R McElligott, managing director D M Drysdale*
Capital structure· *2,1m ordinaries of 50c Market capitalisation. R7,0m*
Financial: *Year to December 31 1980 Borrowings long- and medium-term, R301 000, Net cash R31 000 Debt equity ratio 0,26% Current ratio 2,1 Group cash flow. R3,8m Capital commitments. R1,6m*
Share market· *Price' 335c (1980-81 high, 335c; low, 170c, trading volume last quarter, 24 000 shares) Yields 37,3% on earnings, 9,0% on dividend Cover 4,2 PE ratio 3,0*

	'77	'78	'79	'80
Return on cap (%)	2,4	24,6	28,8	46,0
Turnover index*	137	158	222	327
Pre-tax profit (loss) (Rm)	(0,2)	1,4	2,4	4,3
Earnings (c)	—	43,5	74,6	125,0
Dividends (c)	—	5	17	30
Net asset value (c)	205	244	348	433

* 1974 = 100

Ninian & Lester could be hard-pressed to improve on 1980's record performance The company faces problems of an economic slowdown, rising costs, increased imports and a highly competitive industry

Sales rose 47,3% last year against 1979's 40,3% advance Demand far exceeded expectations, particularly in the last quarter Accompanying this growth pre-tax profit increased 81% to R4,3m (R2,4m) resulting from the rise in throughput and operating savings

All divisions prospered, with ladies' fashionwear achieving record turnover and profits once again Production capacity of the "Jockey" underwear division was raised during the second half to satisfy demand The additional capacity is expected to be fully utilised during 1981

The "Elmar" division acquired in 1979 expanded the underwear and sportswear operations and, according to chairman Matthew McElligott, this section had an "outstanding" year The National Dye House group, commission dyers and finishers of textile fabrics and processors of fabrics made up by Elmar, was acquired last July to ensure continuity of suitable dyeing and finishing facilities for the group in the Transvaal

Working capital requirements increased by only about 15%, in part attributable to the tight control of the stock holding which increased in value by less than 10% to R4,8m (R4,5m) Short-term loans and bank borrowings were virtually eliminated, in keeping with the company's policy of low borrowings The debt equity ratio dropped from 15,2% to 0,26% as a result The balance sheet reflects a strong financial position with the current ratio at 2,1

Expansion this year is aimed at the improvement of existing operations This will be financed mainly by the planned capex of R1,6m The group will continue to seek acquisitions and investments to complement the current activities

The government has issued substantially increased permits for imports of woven and knitted fabrics This has caused a drop in demand for locally produced textile goods as the imported items are cheaper Raw materials locally are very expensive Trading conditions have naturally been affected, but McElligott says that the situation this year is "satisfactory"

He expects group profits in 1981 to show some improvement However, this will probably be marginal at best Consumer durables are always hardest hit during an economic slowdown and recent cost increases and import competition could become a serious problem

At 335c the share yields an historic 37,3% on earnings This year earnings could reach 147c and assuming the conservative 4,2 times cover remains unchanged, a payout of about 35c is possible

Cathy Warmer

Cape clothing firm scores in W Germany

~~84~~ ~~77~~ 184 Argus 27/6/81

MERITEX, the Cape Town clothing company, is pushing ahead rapidly with the building of a new factory to enable it to move strongly into export markets.

So urgent is the need for the factory that equipment is being flown in from overseas and it should be completed by the middle of next month

It will have a floor area of 4 000 sq m

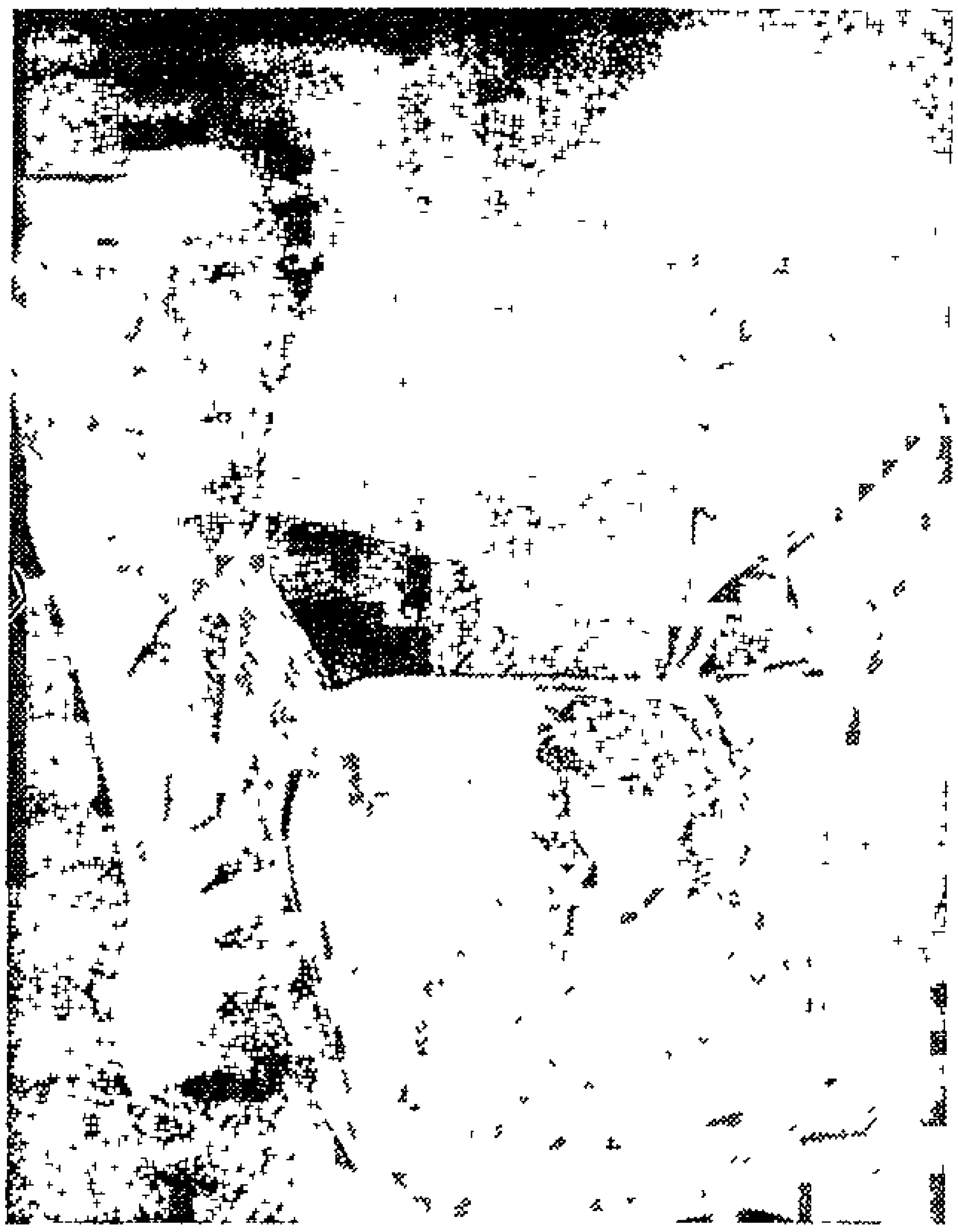
The men's underwear division will be transferred to the new plant and simultaneously the company will launch a new underwear range in the European market, the company's export manager, Mr Brian Berman, says

The first orders have already been taken and are scheduled for delivery in October and November

SUCCESSES

Meritex has scored considerable successes in the export market in recent years

Since 1978 the company has received steadily growing orders from Otto Versand, West Germany's second largest mail order company



MERITEX'S export manager, Mr Brian Berman (left) and sales manager, Mr Max Lisus, examine a catalogue issued by a West German mail order house featuring their company's products

For the 1981 summer season, Meritex supplied Otto Versand with 30 000 articles of women's wear and so far has had a repeat order for a further 3 000

It also supplied C and A Brenninkmeyer, a large West German retail chain, with stocks for its summer range It is now working on a R130 000 order for winter season goods for the same company to be delivered in mid-July

QUALITY

Mr Berman says the Germans are extremely quality conscious and to meet Otto Versand's requirements it is necessary to visit them three times a year Technicians from the company also come to Cape Town for discussions

One reason why Meritex is doing well in the German market is that there are no import quotas on goods from this country

A second reason was that Meritex was vertically integrated with its own cloth manufacturing and dyeing plants It also had its own mercerising plant

These gave the company the flexibility and quality control needed to meet the needs of the export markets

Exports account for about 7,5 percent of Meritex's sales, but this figure is expected to grow considerably

COMPREHENSIVE HEALTH CARE IN RURAL AREAS OF MATABELELAND

DR. A. O. PUGH

Introduction

The purpose of this article is to summarize the existing system of health care in rural areas of Rhodesia, with special reference to the Matabeleland province. The roles of medical assistants, health assistants, village health workers and other auxillary staff are outlined, and their duties described. The costs of the service are mentioned, and it is hoped that subsequent discussion will show that a comprehensive health service can be provided f...

... life in the smaller centres can be made, the urban hospitals will continue to swallow up most of our graduates and qualified nursing staff so that the doctor : population ratio in the rural areas will remain up to 1 : 100 000. This means that our rural health services must be provided by auxillary staff supported by their professional colleagues in urban areas.

The health problems in our rural areas are similar to those of other developing countries and the emphasis is on diseases prevalent where living standards are low and there is a lack of adequate water and sanitation. The health problems are grouped together under the following headings for convenience :

1. Nutritional
2. Infectious diseases
3. Parasitic diseases spread by vectors or intermediate hosts
4. Common ailments, injuries and social problems
5. Problems in pregnancy and childbirth
6. Emergencies of all types

../2

Jobs saved for 200 textile workers

Star 29/6/81 (62) (135) (184)

By Frank Jeans

A salvage operation by Mercabank has saved the jobs of 200 textile workers employed by hosiery manufacturers, Keepers Hosiery.

The company was formed in 1971 under United States franchise and following good trading years, difficulties were encountered which led to its being placed under provisional liquidation in 1979.

The then administrator for the provisional liquidator, Mr Denton Bruyns, however, stimulated new interest which in turn led to Mercabank coming in with an offer of compromise.

OPTIONS

There were two options opened to Dr Charles Ferreira of Mercabank and Mr Bruyns — the company could be disposed of, resulting in the dismissal of 200 workers; or Mercabank and Mr Bruyns could take over the plant and assets of Keepers Hosiery.

They settled for the latter course

"The workers were of great concern to us," says Mr Bruyns. "This was one of the main motivations to keep things afloat"

During the negotiations on the future of the company the Garment Workers Union, and the Industrial Council were concerned at the possibility of 200 men losing their jobs, as they could not be absorbed elsewhere in an already overstrained textile market

STABLE LABOUR

"Now," says Mr Bruyns, "with the new organisation named Eastern Province Textiles, we have a completely stable labour force

"This was evident during the 1980 textile workers' strike in Natal, when our workers, in appreciation, refused to participate."

In the restructured management team, Mr Bruyns is managing director of Eastern Province Textiles, with the rest of the board comprising Dr Ferreira, Mr A W Hofmeyr and Mr K Coetsee all of Mercabank.

Sales and marketing has been streamlined and Mr A Murcia appointed sales and production planning manager.

And one of the big advances for the new company has been the signing of a contract with the local South African franchise holders for the manufacturing of Pierre Cardin hosiery as well as the McGregor franchise

We have analysed the health problems and we know what needs to be done to counteract them. Our challenge is to provide a system of comprehensive health care which will reach the people who need it most in ways which yield the greatest benefits, and yet are within the country's financial capabilities. By comprehensive health service we mean a system of health care (and I quote) which must "reach into the communities and homes, and influence patterns of living - the construction of dwellings, the protection of water, the delivery of babies, the feeding of children, the size of families". (Bryant 1971)

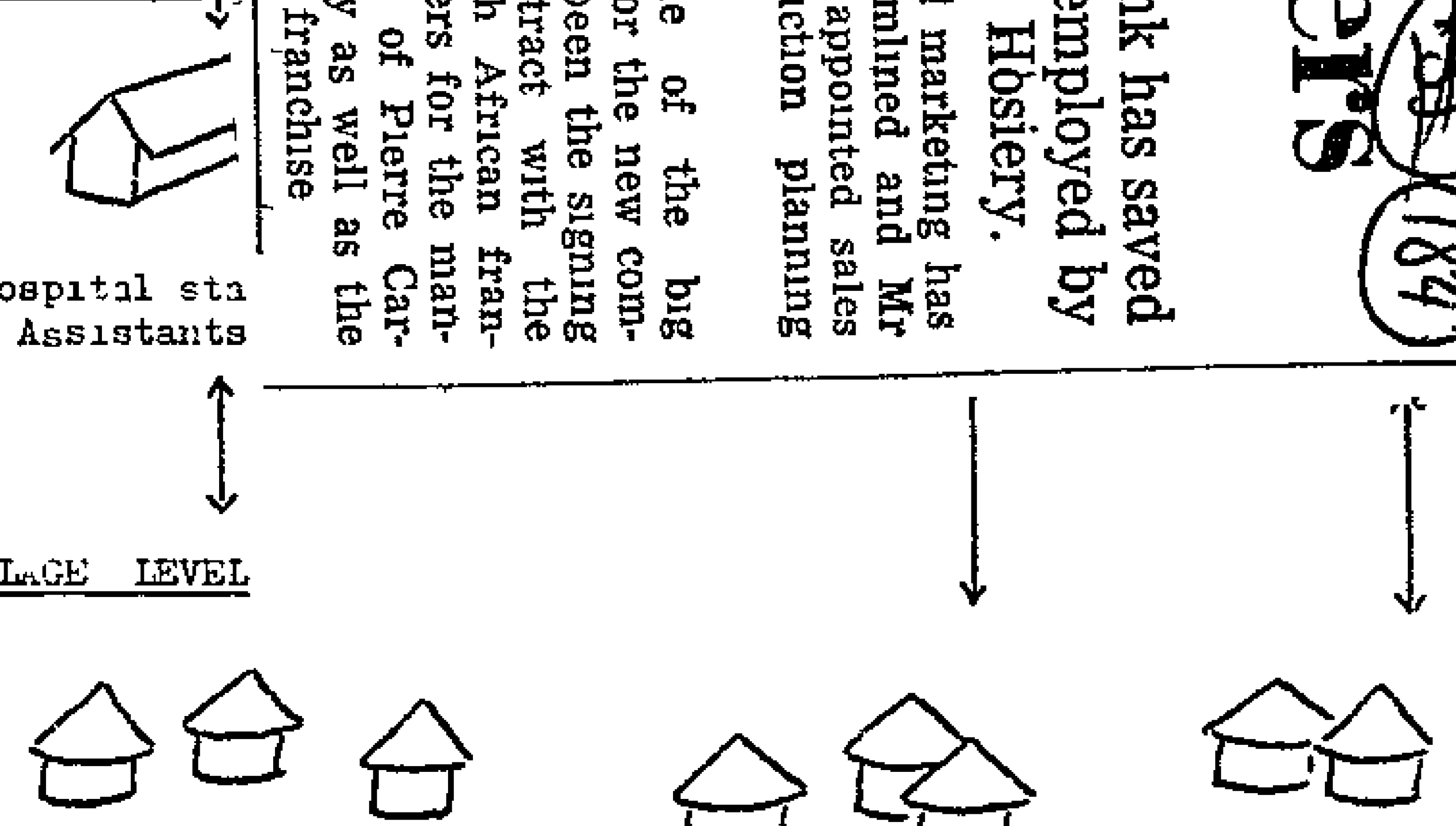
For convenience, the description of the system will be divided into the aspects of personal health care, environmental health services and ...

Hospital staffed ... Officer or Mission ... Advanced Clinical ...

AT LOCAL LEVEL

Rural hospital sta... Medical Assistants

AT VILLAGE LEVEL



Village Health Workers

FINANCE

R½-m knitwear expansion by Burlington

Argus 1/7/81

(184)

BURLINGTON INDUSTRIES, the Cape-based clothing manufacturer, has ordered and partly installed R500 000 worth of knitting machines in its expanding knitwear division.

The division has increased its sales by 22 percent for the first six months of the current year over the year-ago period while the men's wear division has shown a 'slight' increase, Mr Philip Kawitzky, chairman, told the annual meeting.

He said this growth in turnover had led to the need to expand capacity in the knitwear division.

However, the bouyant condition of the clothing industry would come under heavy pressure either during the next six months or in 1982.

COLOSSAL DUMPING

"The easy granting of permits for the import of clothing, especially knitwear, has resulted in colossal dumping into this country from Hong Kong, Taiwan and Korea."

Economic growth would be slowed down by the current monetary policy with its resultant high and constantly changing interest rate structure.

"It stands to reason these factors will eventually catch up with our local clothing industry, which not only may be unable to expand, but could find difficulties in maintaining its present position."

BURLINGTON (184)

Over-cautious

FM 3/7/81

Activities: *Manufacturer of shirts, pyjamas and women's knitted outerwear The directors hold, directly and indirectly, 65,8% of the ordinary equity*

Chairman: *P Kawitzky*

Capital structure: *600 000 ordinaries of 50c, and 50 000 6% cum prefs of R2 Market capitalisation R792 000*

Financial· *Year to December 31 1980 Borrowings long- and medium-term, R607 000, net short-term, R643 000 Debt equity ratio 102% Current ratio 1,9 Group cash flow R429 000 Capital commitments R13 000*

Share market· *Price 132c (1980-81 high, 160c, low, 90c, trading volume last quarter, nil) Yields 32,2% on earnings, 8,5% on dividend Cover 4,0 PE ratio 3,0*

	'77	'78	'79	'80
Return on cap (%)	17,7	11,6	11,0	15 0
Turnover (Rm)	111	127	147	215
Pre-tax profit (R'000)	170	159	168	336
Earnings (c)	14,3	16,8	20 0	42,6
Dividends (c)	7 5	7,5	7 5	11,25
Net asset value (c)	220	157	170	201

Burlington's high gearing indicates the group is determined to maintain market share throughout any economic slowdown The company's ability to finance these borrowings suggests shareholders could, in fact, be pleasantly surprised in spite of the directors' conservative forecast for 1981

Chairman Philip Kawitzky believes earnings should be "maintained providing inflationary trends remain at a reasonable level"

Earnings rose 113% to 42,6c a share due to higher turnover and a lower tax rate On increased local demand sales rose 46% to give a 99% pre-tax profit increase to R336 000 The tax rate drop to 22% (25%) was caused, in part, by a tax allowance brought forward

The group faces strong competition in both export and domestic markets The Marlboro menswear and Bijou womenswear brandname products increased market penetration, which helped boost turnover

Production capacity is currently fully absorbed so it is somewhat worrying that expansion, if necessary to meet any sudden increase in demand, is probably out of the question for the next year or two The debt.equity ratio dropped to 102% (119%) and though interest cover has doubled to four times, further borrowings will probably be discouraged by lending institutions

Liquidity is still strained though group cash flow more than doubled to R429 000

The high gearing and interest rate trend necessitated the rise in dividend cover to 4 times (3)

The directors are apprehensive about the impact of an economic slowdown tl though the group cannot afford to plan Alv major acquisitions or expansions, de- an, id in the clothing industry has risen to man an extent that Burlington's existing such ity should be fully utilised with con- capacint unit cost reductions comitatzky's projection of static earnings

Kawi unnecessarily cautious I guess seems 'should reach at least 50c a share earningsurrent price of 132c, the prospec- At the cings yield is 38% That, with a tive earnidend possible, makes the share 12,5c divtive investment Which may be an attrac- one reason why no-one has sold any in the past quarter

Cathi Warrtner

Pay rise for 9 000 knitters

Argus 4/7/81

(184)

~~135~~

ABOUT 9 000 workers in Cape Town's knitting industry have been given a 7,5 percent midyear pay rise.

This is the result of an agreement between the Cape Knitting Industry Association, the Cape Clothing Manufacturers' Association and the Garment Workers' Union.

The agreement and higher pay rates are announced in the Government Gazette.

A R2 a-week rise is also to be given to about 400 milliners in the Cape millinery industry.

Workers in clothing factories received a 7,5 percent rise a month ago, applying to workers in Cape Town, George, Malmesbury and Darling.

Sassoon buys 50% of Vog

184 CT 4/7/81

By ALEX PETERSEN
Finance Reporter

R SASSOON AND COMPANY, the city-based leisure fashion manufacturers, have bought 50% of Vog in Johannesburg, their main competitor on the Reef

The managing director, Mr Ronald Sassoon, said yesterday the move was part of a drive by the group for a bigger share of the South African leisure fashion market

But he emphasized that, apart from financial ties, Vog would remain independent "They will remain completely autonomous, and in terms of design and sales, we will continue to be competitors"

The share has cost the group over R500 000, including "a substantial cash injection"

The immediate practical change will be that Sassoons will be responsible for controlling the financial administration of Vog

"Our whole formula for running the business will be put into effect, and Mr John Basson, our financial director, will be running that end of things", Mr Sassoon said yesterday

In adddition to the Vog share, Sassoons have recently launched an imaginitive advertising campaign, both in the press and on television, to help to expand their market share

"We are aiming to increase our turnover by between 50% and 60%, and we are hoping to do even better for Vog," Mr Sassoon said

Asked how the privately-held group might themselves react to takeover offers from the larger clothing giants, he said "We are in a strong financial position, and we aim to remain independent"

The Sassoon group manufactures jeans and leisurewear, mainly for the women's high fashion market, and has been an exporter to both the United States and Britain since 1978 In addition to their exports, their jeans are also made under licence in the US

Sassoon jeans are also made under licence in Israel where they have 'a very healthy share" of the fashion jeans market

"We wanted to export to Israel, but the tarrif barriers meant that we had to arrange manufacture there, using our designs and patterns'

Last week Mr Sassoon's fashion flair received recognition when he was awarded the Fair Lady Coty award in the women s sportswear section

SIMON JOCUM

The need for protection

(184) (197) FM 3/7/81

Simon Jocum, president of the National Clothing Federation of SA, has just returned from an extended visit to Europe and the US with a tale of woe about the textile and clothing industries abroad.

The clothing industries in the countries I visited have been eroded by insufficient protection against the Far East The hardship has resulted from the flood of imports resulting from the present multi-fibres agreement which allows for an increase in imports of 6% a year

When the domestic economies went into recession, the additional 6% bit deeply into the local industry's market Employment was thus created in the Far East at the expense of the US and British clothing and textile industries

Many of the unemployed have not been able to find jobs elsewhere and the taxpayer has to foot the unemployment bill

A new multi-fibre agreement is being negotiated by the Western countries and will be finalised by the end of 1981 Negotiations are expected to be extremely tough with severe cutbacks on clothing imports from the Far East

It has been proved overseas that tariffs are not an efficient control mechanism

They soon become dated The policy is going to be quantitive controls which respond more easily to a flood of imports and thus prevent a local domestic industry from being eroded

The official policy in SA is to dismantle import control and, in turn, the clothing industry is to look to import tariffs as protection in the future

The clothing, textile and fibre industries have all developed because of import control which has encouraged local manufacturers to buy all requirements in SA

Imports of clothing have increased rapidly during 1981 These imports, mainly from low wage Far Eastern countries, have been of no benefit to the consumer

The clothing boom of 1981 is expected to level off in 1982 because of the high inflation rate of over 16%, which is expected to rise still further, plus the increase in interest rates, which will force retailers to decrease inventories while affecting consumer purchasing power

Any large increase in imports of clothing could bring on a recession in the clothing industry, which will percolate through to textiles, fibres, the cotton farmer, button box and bag manufacturers, and the sewing thread industry

Any cut in future productions will lead to unemployment and perhaps an increased cost structure because of lower volumes and smaller production runs

The industry believes government may well have misread the situation when announcing its policy to dismantle import control in 1980 when the gold price was considerably higher than now and our balance of payments showed a surplus

The position has changed radically since early 1980

Only a few months ago, an historical meeting took place under the auspices of the Textile and Clothing Advisory Council It was attended by clothing and textile manufacturers, fibre producers and retailers, and a unanimous recommendation has been made to the government for moderate tariff protection complemented with quantitive control

Any downturn in the clothing, textile and fibre industries will cause unemployment The clothing industry alone employs 125 000 people in more than 1 000 factories and a reduction in employment would mean less consumers and, in turn, less business for retailers

The clothing industry is not against imports *per se*, but only against cheap imports from low wage countries in the Far East

If the SA clothing industry has to reply on import tariffs, as suggested by the government, these tariffs would have to be exceedingly high and would be tantamount to import control High tariffs tend to protect the inefficient Tariffs become outdated very soon and, therefore, ineffective

The solution is loud and clear The clothing, textile and fibre industries have grown and prospered because of protection and it is too late in the day to dismantle import control

Over 400 000 jobs are at stake when considering the subsidiary industries which sell to clothing and textile manufacturers

These workers are not mobile and there are no other jobs available It is essential that the clothing industry continues to grow and create new labour opportunities for school leavers

The clothing industry, through increased productivity and efficiency has provided SA with the consumer's best buy Clothing prices increased 9,1% in 1980 against an inflation rate of over 15%

The pressure on margins continues More than 1 000 factories are competing for business from the large chains which control over 50% of the purchasing power Should import control be relaxed further, notwithstanding the urgent appeals to government, then the clothing industry will be forced to become importers of clothing — like their counterparts in the US, Britain and Europe — to survive

The result would be retrenchment as there is no reason for a manufacturer to employ labour with all its problems when it is far cheaper to import

In fact, the landed cost of clothing from the Far East is less than the price of the material content supplied by the SA market. The government must take heed of the lessons learned in the Western world where the same appeals were ignored This resulted in such large scale unemployment that their governments are doing everything to reverse the situation by stemming imports from the Far East through quota controls, notwithstanding their membership of Gatt

By controlling imports, manufacturers will be encouraged to take on more labour, invest in buildings and plant and continue to grow There is no shortage of clothing in SA, and there is no shortage of competition either Therefore, there is no reason to import any clothing except those items not available here, or fashion items which help to boost a collection

Being a labour-intensive industry and one of the largest employers of labour, the clothing industry deserves to be singled out for special attention in the interests of the economy of SA

The National Clothing Federation will continue its efforts to achieve government acceptance of its recommendations, which are based on the disastrous events of the clothing industries in the Western world

EL firm recognises Saawu

DD 14/7/81

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EAST LONDON — The management of the clothing firm Ark Garments in Wilsonia has recognised the South African Allied Workers Union as being representative of the majority of workers at the firm.

In a statement released yesterday, Mr R J Harris of Ark Garments said: "The management of Ark Garment Industries (Pty) work in close co-operation with our factory works committee and although there is a small percentage who seem to affiliate themselves to the Garment Workers Union, the majority affiliate themselves to Saawu

"In view of this we recognise the rights of the workers to be free to choose to which union they wish to affiliate themselves

"We have had numerous discussions with Saawu, as representative of the majority of our workers, on certain aspects of workers conditions and we have found them very helpful and understanding "

Mrs Lucy Mvubelo, of the Garment Workers Union, said they still had members at the factory but because of the distance of the factory from the union's headquarters in Johannesburg they were hampered in their organising duties — DDR.

QUANTITY SURVEYING

(Continued)

Bell-John Prize
For the best all-round student in any year of study.

P C Key

The Committee of the Western Cape Chapter of Quantity Surveyors' Prize
For the student obtaining the highest marks in Professional Practice.

P R Swift

LTA Prizes
For the best student in each of the courses of Building Economics I, II and III in the third, fourth & fifth years respectively.

I : N D G Sessions

II : A R Low Keen

III: No award

S A Brick Association Prizes
For the best student in the subject of Building Construction.

C W von During

For the second best student in the subject of Building Construction.

URBAN & REGIONAL PLANNING

Award
...ho has shown
at the end

ICDM 17/7/81

Another Back shocker

184

Financial Reporter

I L BACK & Co, the Rembrandt Group's clothing subsidiary, recorded another large loss in the year to March, but the directors are confident the perennial loser can be turned around.

"Management believes that there are many sound reasons for expecting that the company will return to a position of strength and profitability."

The net loss attributable to ordinary shareholders amounted to R2 721 757, a 45% deterioration on last year's loss of R1 879 061.

Sales for the year increased by 28%.

The directors said details of a substantial increase in capitalisation to be under-written by Remgro would be released shortly.

CLOTHING INDUSTRY

Calling for protection

(184) FM 24/7/81

For almost as long as anyone cares to remember, SA's clothing manufacturers have been crying for protection from imports. Protection has been called for both when profits are under pressure and when sales and earnings are booming. And that has been accompanied by moans from the larger manufacturers that in good times margins are eroded by newcomers who can enter and leave the industry at little cost.

Now, however, it is possible that some "positive" developments could appear on the protection from imports front. In a show of almost uncharacteristic unity, the Textile & Clothing Advisory Council (TCAC), the trade association which tries to weld the conflicting interests of textile producers and the country's clothing manufacturers, has strengthened links with several leading retailers and formulated an approach to government to put the case for restricting overseas competition.

Last month a number of leading retailers and members of the textile and clothing industries were invited to address a meeting held by TCAC in Johannesburg. And although the age-old antipathy between the textile and clothing sectors is far from resolved, efforts to unite th...

...ropean and American clothing manufacturers from imports and to which SA is not a signatory, allows an increase in imports of 6% a year. But, says Jocum, during the recent recession in those countries, the additional 6% cut heavily into the local industry's market. Thus industry in the Far East was thriving at the expense of domestic manufacturers.

In SA, members of the textile industry say that the effects of the economic slowdown are already being felt. Growth in the synthetic fibres and knitting sectors is slowing, says Ernest Wilson, MD of Hextex and president of the Textile Federation. Naturally, he adds, a slowdown in textiles affects the clothing industry.

Due to the uncertainty about import controls, Progress's Jacobson adds that there have been no factory expansions in any of the knitting concerns in SA. "The manufacturers are not prepared to go to the great cost which the buying of machinery entails."

The industry generally fears another recession. In an economic slowdown with rising interest rates, retailers tend to destock as consumer purchasing power is reduced. Any great increase in imports, it is felt, could be disastrous at such a time.

Seardel's Searll . . . pushing hard for exports

The plaint is not new and has been a regular feature of industry statements for many years.

Last year, government suggested the use of import tariffs to entirely replace import controls. But, says Frank Whittaker, director of the National Clothing Federation of SA, duties will have to be very high and adjusted with greater rapidity.

The industry wants moderate tariff protection with quantitative control. It is now a case of wait-and-see.

Compared with inflation rates of around 15% at present, clothing prices are rising at no more than 9%. Unless imports are controlled, industry spokesmen warn, clothing manufacturers will be squeezed beyond their capacity to absorb higher costs. But that is one of the risks of the enterprise.

Protection may be needed for strategic industries. But clothing, where the opening and closing of small manufacturers helps match supply closely to demand, can hardly be called strategic.

Cath Warriner

various factions behind the banner of self-interest are being made

In the last 18 months, some of the country's leading retailers have become more aware of the problem and added their weight to TCAC's representations for protection to government But whether the latest moves will ultimately be of benefit to the consumer remains to be seen

The manufacturers say it is now necessary for the rag trade to combine forces to protect the industry against imports of cheaper garments from the Far East They claim the landed cost of made-up clothing from the east is frequently less than the price of the material content supplied by SA's textile mills

But some critics feel that protection has never been needed less Despite slower economic growth, 1981 has been a good year, with order books full, demand high and earnings continuing to rise from last period, Rex True was hampered by the rand's strength Now that the rand is wallowing, the company should benefit on the export front from a lowering of costs denominated in export currencies and more favourable sales prices in rand terms At the same time it will benefit locally as the rand prices of imports rise

Although the preliminary results have not yet been released, Delswa expects new records to have been achieved in the year to end-April 1981 Order books were full and pre-tax earnings at the halfway stage were 258% better at R527 000 The first-half's turnover increase was not revealed, but it was probably of the same order as Rex True's

Dubin, last year's most promising manufacturer, has been terminated as a listed company and is merging with Seardel

Dugson's margins were apparently squeezed in the year to end-December

Clothing manufacture . . . who pays for protection?

year's improved levels In any event, if protection resulted in higher prices of locally manufactured goods, the old "problem" of small, low-cost newcomers entering the industry would again rear its head

Industry sources maintain that margins are being squeezed, particularly in the garment manufacturing sector This is a claim which is difficult to verify Most quoted clothing companies do not provide turnover figures and choose merely to comply with minimum reporting requirements by disclosing only percentage turnover changes For the past couple of accounting periods, however, percentage pre-tax profit advances have far exceeded turnover rises, indicating significant margin improvements

Rex Trueform, SA's largest clothing exporter, lifted first-half pre-tax profit by 39% to R3,3m (R2,4m) in the six months to end-December That compares with a turnover advance of 26% But during the 1980, due to the cost of the group's extensive borrowings and heavy competition Turnover figures were not given, but there was a 23% rise in sales and a 108% rise in pre-tax profit Though long-term liabilities were reduced, the increased activity level led to greater short-term borrowings to fund higher stocks and debtors The net result was that return on the greater capital employed rose to only 11,2% (9%) This characteristically low return is a strong argument for protection and higher prices

Veka took advantage of its share price strength to have a rights issue in 1980 That resulted in a 35% increase in shareholders' funds to R12,7m (R9,4m) But as was the case with Dugson a significantly higher level of short-term debt was necessary to fund higher stocks and debtors And though turnover rose by 17,5% to R24,1m, gross profit advanced by only 12,3% to R2m The net result was a drop in return on capital from 11,9% to 10,1%

Progress Industries, which is not a member of TCAC, seems undaunted by prospects of slower economic growth MD Peter Jacobson expects the clothing sector to maintain its real growth rate This may be over-optimistic, but Progress has managed to solve some of the problems facing garment manufacturers The difficulties caused by unreliable deliveries from textile factories have been partially solved, as "we make 95% of our own," says Jacobson

Ensign is not as subject as most manufacturers to economic fluctuations SAR & H, SAP and Defence Force contracts tend to balance out any downturn in the commercial side of the activities, according to company secretary Godfrey Heathcock Even so, the firm has only just managed to haul itself out of two years of losses incurred during the last recession Whether it can, in fact, remain unaffected by this slowdown will soon be seen Profit increased to R266 000 (R194 000 loss) while turnover rose 14,1% (14,8%) last year And return on capital was a poor 6,7%

But protection at home may not be the answer Seardel, which is the country's largest clothing manufacturer, has moved strongly to broaden its marketing base through exports And it is spearheading a move towards rationalisation with plans to acquire Dubin This will broaden Seardel's product line and add further to its export markets, for Dubin too, has increasingly emphasised exports in a drive for enhanced earnings

Even without Dubin, Seardel has been no slouch Its return on assets employed in clothing manufacture rose from 15,1% in the year to June 30 1979 to 20% in 1980

But in his 1980 chairman's review Aaron Searll echoed his competitors in calling for protection from imports And he gently touched on the major bugbear of garment manufacturers — local textile producers They are frequently accused of being unreliable and providing sub-standard goods which have to be accepted if continuity of supplies is to be ensured

It is this antagonism which makes it all the more surprising that TCAC seems to be talking with one voice

While the recent surge in garment makers' profits can be used to knock down the pleas for protection, there are other sides to the argument By next year, if consumer spending fades rapidly, profits, margins and returns on capital could be under some considerable pressure

And adding to the protectionist argument, Simon Jocum, president of the National Clothing Federation, has just returned from the US and Europe armed with "sad" facts The clothing industries he visited, he says, have been "eroded" by insufficient protection against the Far East

The present Multi-Fibres Agreement (MFA), which is supposed to protect Eu-

CLOTHING (184)

End of an affair

PM 24/7/81

Despite debate to the contrary, Pretoria's cancellation in March of the Zimbabwe/SA trade agreement governing the importation of certain items into either country is going to have little effect on SA's clothing industry

The agreement, originally between Southern Rhodesia and SA, is heavily slanted in Zimbabwe's favour and SA was hard hit by the agreement and by Rhodesian import restrictions in the early Seventies

For example, women's dresses from Zimbabwe have a duty-free quota of R600 000 per half year, whereas SA only receives a rebate of 5% of the duty on garments entering Zimbabwe This reduces the effective rate payable to 45%

In addition to the adverse terms of the agreement, UDI forced Rhodesian authorities to impose import control restrictions in the early Seventies, because of the war, sanctions, and balance of payment deficits

This meant that SA's clothing industry — and others — faced a flood of cheap Rhodesian exports SA exporters, on the other hand, needed an import licence, and permits were hard to come by A virtual embargo existed on SA clothing

With no import control restrictions, Rhodesian exporters took full advantage of the duty preferences

The agreement includes a provision for amendment, but SA did not officially recognise UDI, and thus had no official mechanism through which to make changes However, it could have been cancelled, and was not

Besides SA's desire to help Rhodesia, the reason for this was probably that the intensification of the war in the latter half of the Seventies made it difficult for Rhodesian manufacturers to obtain import licences

More recently, wage increases have made Zimbabwean exports far less competitive on the SA market

Says Frank Whitaker, director of the National Clothing Federation. "The quota of 1m shirts a year was a substantial portion of the local market in poplin shirts, and the low-price competition from Rhodesia was having a depressing effect on the entire market

"This certainly hampered the growth of the local industry in the early Seventies, but has not played any significant role recently

"Cancellation of the agreement will at least ensure there are no problems in the future," he says

There is little incentive for SA to continue with the agreement, as Zimbabwe is not subject to sanctions and should therefore operate under the same conditions as other exporters

Zimbabwe is also receiving assistance from overseas countries in the form of "tied aid," and SA is not likely to increase trade with Zimbabwe to any degree, especially in clothing

Zimbabwe can, in any event, now look northward to Europe for trade

In terms of the agreement, the cancellation period runs for one year and SA will trade under its conditions until 1982

City elastic firm opens Transkei plant

CT 23/7/84 (41) (108) (184)

FORMENTI CROCHET (Pty) Ltd, of Observatory, Cape Town, manufacturers of high-quality fancy elastic lace and braid for the clothing industry, has established a new factory at Butterworth in Transkei in conjunction with the Transkei Development Corporation The name of the new company is Formenti Corchet Transkei (Pty) Ltd The company is equipped with the latest machinery available

Initially production will be confined to simple, basic elastic but when the staff has been fully trained in the company's sophisticated production methods, the factory will produce the company's full range of products

At present key personnel are being trained in the Cape Town plant and will be transferred to Butterworth at a later stage

Gianni Formenti is the company's managing director and designer, Giovanni Sabottoli — who brought the Butterworth plant into full operation the space of only four days — is the technical director, and Mark Roeloffze is the sales director

The Butterworth factory is managed by Norman Combrinch, who was first sent to Italy for training at one the world's leading elastic manufacturer During his training period in Italy he visited leading clothing manufacturers and observed the tremendous demand for knitted elastic

Each of the company's directors will spend alternate weeks at the Butterworth factory to ensure continuity of the company's quality and service

Mr Formenti said the main purpose of opening the new plant was to cover the Natal market as well as the Eastern Cape Mr Roeloffze had found from a survey that the Natal market was very competitive, so the factory was opened to make Formenti Crochet equally competitive, as elastic from the Butterworth plant could be supplied cheaper in Natal than if it were sent from Cape Town

The company's agent in Durban, Trevor Feyt, will carry stocks at his depot and provide a complete service to customers Later a similar depot will be opened in Johannesburg

Some of the yarn used in the manufacturing process is supplied by Tramatex, an old established Butterworth textile industry

Formenti Corchet, in Butterworth is also the main supplier of elastic tape to Pep Textile Industries in Butterworth Elastic tape is also supplied to Transkei Knitting Company (Pty) Ltd and Flashman Sportswear, both in Butterworth

Delswa record

Deputy Financial Editor

THE clothing boom carried Delswa to an unprecedented pre-tax profit of R2 019 000 in the year to end April — nearly treble the R727 000 made before tax in 1980

Taxed attributable profit beat R1-million for the first time at R1 177 000 (R479 000)

Earnings a share soared 138% to 170,8c (1980 71,6c) and a final dividend of 42,5c has been declared, making 55c (30c) for the year

In the annual report released simultaneously with belated results, the directors say "it is difficult to anticipate future results"

"However, our order books for the coming season are again full and we are confident that the results for the first half of this year will at least be equal to those for the same period last year.

"It is too soon to make conjectures of trading results for our winter season, particularly in view of the possibility of changes in the level of economic activity during the next six months"

Big lift for Berkshire

4/8/81 Star

184

By David Bamber

Stocking, jean and knitwear manufacturer, Berkshire International (SA) has experienced an excellent first half-year, lifting pretax profits a whopping 68,2 percent to R994 000

Taxation more than doubled to R356 000 leaving net profit 41,2 percent up on the same period a year earlier at R638 000 compared with R452 000.

Net income attributable to ordinary shareholders rose 34,4 percent from R439 000 to R590 000 giving earnings of 38,1c a share (28,3c).

The interim dividend has been lifted from 10c to 11,5c which is covered 3,3 times by earnings compared with a 2,8 cover a year earlier.

The second half of last year yielded a 4,3 percent rise in profit over the first half and the directors are confident that the earnings for the current year will show an improvement on the previous 12 months.

The following manuals/handouts supplementary to the terminal manual are for sale in the Computing Service Library:

Using the Univac is Easy
Using Files on the Univac
ED Processor
DOC Processor
GDP (Graphics Display Package)
SACLANT (SGP)
QCLUS
GENPLOT
EXEC8 Hardware/Software summary
CTS summary
Introduction to CTS
CTS PRM

CLOTHING (84)

Pepping up sales

FM 7/8/81

Pep Stores' negotiations with the Rembrandt Group for the acquisition of Rembrandt's 67% controlling share interest in Cape clothing manufacturers I L Back,

(see *Fox*) is entirely consistent with Pep's intention to increase its "horizontal integration," says MD Tom Ball

Ultimately, says Ball, Pep expects 5% of the group's turnover, forecast at more than R250m in the coming year, to derive from exports.

The trouble is that these have been hampered in the past by limited manufacturing facilities

Pep entered the export market last year and overseas buyers include Ireland, England, West Germany and Switzerland

"We thought of increasing our production capacity to serve this export market," Ball says

Pep Stores, started in 1965 to serve the lower end of the retail market, entrenched itself in the lower and middle-income markets with its Half Price Stores and Shoprite subsidiaries It followed a policy of vertical integration to serve as one of its own major sources of supply and now operates 10 factories, mainly in the Western Cape, Durban and Butterworth, from which 50% of all goods stocked by the stores are purchased

However, a new approach is being taken

Says Ball In the last year or two we have moved away from vertical integration to horizontal participation in the market Our manufacturers are no longer serving the Pep Stores market only We are selling certain goods, for example blankets and shoes, on the open market as well "

In addition to its policy of horizontal market expansion, Pep is embarking on a campaign to increase in its retail market share It has budgeted about R1m this year for re-siting, enlarging and upgrading existing stores, "and having a general clean-up "

Union hits at debt 'terror'

C. Herald 8/8/81 (184) ~~135~~

TWO debt collecting firms operating in the Cape Peninsula have been accused of using terror and deception by the Garment Workers' Union of the Western Province

Last month, in its own newspaper, Clothes L[illegible], the union gave exten[illegible] coverage to the activ[illegible] of two debt collecting companies, Steven Robert and Associates in Goodwood and Bessinger and Partners in Parow

Members of the union have fallen foul of these concerns According to an article in Clothes Line the following system is in operation

'A debt collecting firm goes to various companies and offers to buy their uncollected debts at some low figure, say 10 percent of their nominal value'

Thus, if a worker owes firm 'G' R100, they offer to pay the firm R10, and they collect the balance for themselves

Firm 'G' believing that R10 in cash is better than struggling to collect R100, agrees

'Then the debt collectors get tough, not only for the full amount now owing but also for any collecting fees they care to charge for their own services to themselves'

In one case Steven Robert and Associates sent an official-looking document to a machinist on July 15 demanding payment of R372 about R200 more than she owed

It gave every impression of coming from a firm of attorneys without actually saying so It contained several threats one of which was that the client was liable to imprisonment of 90 days

The notice demanded payment by 9 am the following morning

The manageress at Steven Robert, Mrs Dawn Julie, said the Clothes Line story was being investigated

When the investigation was completed she would be in touch. Until such time she had no comment to make

Another case highlighted concerns Bessinger and Partners This company sends out notices containing, among other things, the words 'SUMMONS and warrant' of ARREST in bold capital letters

Pep hopes to get Back by Monday

184

By DAVID CARTE

RDM 13/8/81

TAKEOVER talks between Pep Stores and I L Back, Rembrandt's clothing group, should be concluded and terms announced by Monday, says the chairman of Pep, Mr Renier van Rooyen.

Mr Van Rooyen told me yesterday that the talks were progressing, but were taking longer than expected because of technicalities

The shares of both Pep and IL Back would be relisted immediately terms were announced

IL Back, which last year lost R2 722 000, bringing accumulated losses over the years to R13 312 000, has published an annual report

The non-executive chairman, Rembrandt's Mr P F Brink, says last year's loss was "disappointing"

"It is not my intention, either now, or in the future, to indulge in optimistic prognosis," he says "Future results will have to speak for themselves The management team is enthusiastic, competent and has the full confidence of your board"

Mr Brink says I L Back's products "continue to find excellent acceptance in the market place and sales for the year increased by 28% We expect growth in sales to continue"

I L Back intends to increase its capital base Rembrandt has indicated its willingness to underwrite the increase

The balance sheet reveals that stock and debtors at the yearend were tying up R23-million or nearly all capital employed. This was after a R2-million provision against stocks.

Debtors rose 29% to R11 174 000, more or less in line with sales, but the rise in stocks was 64% to R11 607 000. Total debt was R16 629 000 (R7 270 000) and shareholders' funds R4 661 000 (R7 363 000), making the debt equity ratio 356% (99%) The net cash outflow was R2 439 000 (R1 644 000)

COMMENT: The burning question about I L Back is how Pep thinks it can succeed where Rembrandt failed.

Mr Van Rooyen would not be drawn yesterday.

But I am told by people close to I L Back that in the past year, 80% of senior management has been replaced by "top clothing men", headed by a new managing director, Mr FA du Preez, 33, formerly of Uniewinkels, part of Scotts Stores.

The story they tell is that previous management comprised "cigarette people from Rembrandt", who were "lost in clothing". If Pep gets I L Back, it will also get the new management

I L Back is heavily overstocked. Once that is remedied, I am told, I L Back, "which is already making profits", will go from strength to strength This may account for the 40c spurt in the Pep share price immediately before the suspension.

If the takeover talks succeed, it will presumably not be necessary for Rembrandt to make another capital injection. One would imagine it would be hesitant after its huge losses in this venture.

DELSWA (184)

Seams better

FM 14/8/81

Activities *Manufactures women's and children's clothing and knitwear Jaff-Delswa Investments holds 47,9% of the equity*
Chairman. *S L Jaff, managing director S H Jaff*
Capital structure: *696 300 ordinaries of 50c, 100 000 5,5% cum prefs of R2 Market capitalisation R3,3m*
Financial. *Year to April 30 1981 Borrowings long- and medium-term, R74 000, net short-term, R2,7m Debt equity ratio 53,3% Current ratio 1,7 Net cash flow R980 000*
Share market. *Price 475c (1980-81 high, 475c, low, 290c, trading volume last quarter, 21 000 shares) Yields 35,3% on earnings, 11,6% on dividend Cover 3,0 PE ratio 2,8*

	'78	'79	'80	'81
Return on cap (%)	7 7	10 2	11 6	25 2
Turnover (Index)*	100,8	104,8	132 1	169 1
Pre-tax profit (R 000)	271	507	723	1 166
Earnings (c)	22,4	49,2	71,7	167 5
Dividends (c)	12 5	17 5	30	55
Net asset value (c)	657	719	752	808

* 1976=100

Delswa operates in an area unusually high in risk Firstly, keeping up with fashion trends is like trying to predict the path of a fleeing rabbit secondly, sales are highly price elastic and tied to overall consumer spending, and lastly, the industry suffers from State intervention in the form of import control, duties and excise tax

That combination threw Delswa's record out of kilter in 1978 when earnings plunged from 66,3c a share to 22,4c and the dividend was chopped by half to 12,5c a share The company immediately increased gearing to finance stocks extended the product lines to enlarge the target market and increased cover from 1,8 times to 2,3 times

Since then profit growth has been steady, due not only to improving market conditions, but also to better margins and asset utilisation Return on capital is now fully three times higher than in 1978 and at 25 3% is respectable, if not moderate, considering the sales swings which can afflict the industry

The vast improvement in sales income relieved pressure on liquidity requirements and the small increase in debt equity is put into perspective when compared with the increase in stocks and debtors

At year-end stocks had risen by R600 000 to R3 4m and debtors were R1,5m up at R5,2m The high stock position is correctly tilted towards raw materials, giving the group the flexibility needed to shift lines as fashion trends dictate

Delswa needs high liquidity just to finance buyers Creditors were pushed marginally higher to R1,3m (R1 1m), but the gap between this figure and debtors is wide, even taking margins into account That gap, if it expands again this year as the company attempts to stimulate sales growth could bring margins down probably in the second half

Chairman Sam Jaff says it is "too soon to predict second-half earnings but he expects a first-half after-tax profit of R300 000 The second half is the summer season traditionally a higher margin period, and much will depend on the state of consumer spending

Delswa s capital structure is healthy and the group is in a stable position for the next year provided the market does not take a dive In that event the company is relatively highly exposed in materials and debtors may have a fairly low recoverability factor

Despite this Delswa is an attractive income buy for this market The distribution for the current year could go up to 75c a share if cover is reduced to a comfortable 2 8 times on a 30% earnings advance That gives Delswa a prospective yield of 15,8%

Pyramid Jade earned and paid 12c a share in financial 1981 and will benefit accordingly from Delswa s projected increase But Jade is a shade more expensive currently trading on a dividend yield of 11 4% There is not much between them though, and both look attractive purchases

Ian Mail

DATES TO REMEMBER

Last day to register for dividends
Friday August 21 AECI 24c, Amgold 500c, Bristol 2 8c, Chemhold 20c Cusat 9c, Dunlop 26c Palamin 10c Prescat 7,5c, SAAN 35c, Sentrust 8c, Stanbic 12c T & I 27c Tollgate 10c Union- & London 30c
Meetings
Monday August 17 Fedvolks (Cape Town), Powertech (Boksburg), Prescat, Svenmill, T & I
Friday August 21 Amal Ind Bester (Pretoria), Bonuskor, F S Devels, Premier Ind Robcon (S) Western Holdings
All meetings are in Johannesburg unless otherwise stated
S - Special meeting

Rembrandt accepts Pep's 6,68c

Shock 7c offer for I L Back

17/8/81 Rom

~~232~~ 184

By DAVID CARTE

MINORITY shareholders in IL Back, Rembrandt's loss-incurring clothing factory, have been offered 7c a share by Pep Stores.

The offer is less than a fifth of the price at which the shares were suspended two weeks ago when Pep announced its takeover bid

The shares were suspended at 40c on August 5 In March they were priced at 63c

Rembrandt, 97%-owner of I L Back, has accepted even less for its 93 388 000 shares — 6,68c a share for a total of R6 243 000

The 3% Back minority is not expected to accept the bid Pep says "It must be stated that the board of Pep has under consideration certain transactions which will affect the value of Back shares and Back shareholders are advised to exercise caution in dealings"

This strongly suggests that Pep's clothing factories might be put into I L Back and that the I L Back listing is to continue

Because a minimum of 20% of any listed company's shares must be tradeable, it seems a safe bet that Pep will use I L Back paper to make further clothing acquisitions

Pep is also to take over loans to I L Back by Rembrandt totalling R8 500 000 Pep will pay for these in three annual instalments, starting in August 1981 The loans will be interest-free to Pep

For the I L Back shares it obtains from Rembrandt, Pep will have the option to pay the R6 234 000 in cash or to issue R1 989 000 of 14% preference shares and pay off the balance of R4 245 000 in three annual instalments

I L Back recently published a balance sheet showing net assets of R4 681 440 So, low as it is, the purchase consideration is a premium on net assets The balance sheet revealed total debt of R16 629 000 — 3,56 times equity

Over the years I L Back has accumulated losses totalling R13 312 000, of which R2 722 000 was sustained last year

I L Back has made only one taxed profit since 1971 and that was R336 000 in 1976 shortly after Rembrandt rescued the company from judicial management

In 1978 shortly after raising R5 500 000 by way of a rights issue taken up mainly by Rembrandt, the company announced a loss of R5 200 000, effectively nullifying the capital injection

Further losses continued to whittle away the capital base and, had it not been for the current takeover, Rembrandt would have had to inject more capital into the ailing concern — hence, presumably, its eagerness to accept an apparently low price

Many of I L Back's clothing lines have won renown for quality, but the company's problems have been many and varied The overriding problem seems to have been over-capitalisation and a dearth of clothing management

One hears from sources close to the company that the management Rembrandt installed had little experience in clothing, a highly specialised business Apparently 80% of senior management has been replaced and the company is already running at a profit

Recently stocks and debtors have run to stratospheric levels, tying up at the last balance sheet R23-million, or nearly all of capital employed Stocks last year rose 64% to R11 607 000

COMMENT **The offer will come as a shock to minorities, who had not seen the balance sheet before their shares were suspended They should stay aboard and see what Pep can make of the company that has been named "The Bottomless Pit"**

The share is unlikely to see 40c for some time, but will probably trade at a good premium to the 7c offer once it is relisted today.

The deal looks more favourable to Pep than to Rembrandt, especially bearing in mind the generous financing arrangements and it would not be surprising to see Pep make further gains from the pre-suspension price of 440c

Rex True pays 45c on 52% lift

RDM 20/8/81 (184)

Financial Reporter

A 16% rise in export turnover and strong SA demand for its products helped to boost Rex Trueform's taxed profit by 52,6% in the year to June, and the annual dividend has been raised to 45c from 35c.

Pre-tax profit rose to R6 360 000 from R4 461 000 the previous year, tax was R1 165 000 against R872 000 and equity accounted associate company earnings (L'Uomo) rose to R123 000 from R72 000, leaving taxed profit at R5 588 000 compared with R3 661 000 in the first half of 1980

The increased dividend cannot be regarded as generous as it is covered 4,2 times by earnings of 189,4c a share, more conservative than the cover of 3,7 on earnings of 130c last year

The tax rate at 18,8% was slightly lower than the 19,6% applying last year, indicating a significant element of allowances on exporters' marketing expenditure and the investment allowance on new plant

Rex says SA trading conditions were excellent and this plus intensified marketing and product development led to the increase in sales

"It is clear that our market share in all divisions has once again improved "

A surprising factor in the profit figures is that exports performed well in spite of the recession in many of Rex True's foreign markets Trading was diffiult abroad, but the group is gaining increasing acceptance of its products Thus its heavy long-term commitment to export sales should be most rewarding when the European upturn is under way

Rex True has been adroit in moving into export markets with the resultant big saving in the tax bill In estimating tax for the past year no account has yet been taken of claims still to be lodged under the improved system of export incentives which will soon become effective

L'Uomo, in which Rex has a 50% stake, raised sales 35% The company markets under the Polo label and is showing strong market growth

The board says demand continues at a "very high level" and the forward booking position into 1982 is more than satisfactory

2/5/81 Star 154

Record profits by Rex Trueform

By David Bamber

Cape-based clothing manufacturer, Rex Trueform, lifted its taxed profits 52,6 percent to a record R5,6-million in the year to June 30.

Net income before tax amounted to R6,4-million (R4,5-million) — an increase of 42,6 percent — but due to an exporters' marketing allowance and an investment allowance on new plant, the tax bill was greatly reduced.

Added to this was a rise in net income of its associate company, L'Uomo, from R72 000 to R123 000.

The net result was that earnings a share rose from 130,15c to 198,98c, prompting the directors to increase the final dividend from 35c to a 4,4 times-covered 45c.

The directors say strong trading conditions together with intensified marketing and product development resulted in turnover rising 29,5 percent.

Export turnover has improved by 16 percent despite the "difficult trading conditions prevailing in export markets."

Prospects look good as the directors say demand for Rex Trueform products continues at a high level and "our forfard booking position into 1982 is more than satisfactory".

However, they do note there will be some levelling off in the growth rate next year.

The rise in the dividend cover appears a little steep at first glance but at the current share price of 490c, the share yields 9,2 percent which is not unattractive.

not be hit by the section as it was then worded. The 1959 amendments were intended inter alia to bring such transactions within the net of the section and based on the decision in Smith's case (supra) the amendment has achieved this result.

CT 3/9/81

Sunny for Aldenro

(184)

By ALEX PETERSEN

ALDENRO CLOTHING has purchased Sunny Creations in Maitland in a move to expand capacity

Aldenro managing director, Mr Dennis Rogers, said the acquisition, which is effective from the beginning of this month, would enable the company to expand output by about 2 000 garments a day initially The bulk of Aldenro's production is contracted to Woolworths

The Sunny Creations plant, which will be renamed Aldenro Maitland, has 175 employees, of whom 77 are machinists Present output, chiefly blouses, is about 1 500 garments a day

Aldenro plan to switch the production system to enable greater throughput, as well as installing new several new machines in the next few months

Eventual production capacity for the plant will be between 2 500 to 3 000 garments a day, Mr Rogers said, but emphasized the changes will also allow implementation of Aldenro's quality control procedures

He added that the company will invest in improving staff facilities, and wage levels would be increased to match those in the company's existing plant

Earlier this year Aldenro teamed up with British clothing manufacturer, Peter Blond Ltd, which took up a 50 percent shareholding in the group.

Maud Dibakwane . . . fellow blacks will always give you the backing you need.

Black women must pool their skills

WHEN one door closes another one opens

The old saying rang persistently in my ears during an interview with Mrs Maud Dibakwane of Naledi Extension

Mrs Dibakwane makes a living out of sewing and selling dainty curtains to her neighbours and other women who take pride in their homes especially the kitchen

By NTOMBI MDUNGE

WOMAN

Four years ago she worked as a machinist at a factory in town

Although she often dreamt of owning her business some time in life her dream was realised earlier than she anticipated and in the most rude manner — she got fired

A little lie, or excuse, cost me my job,' Mrs Dibakwane explained

She said they were sewing jerseys and soccer shorts at the factory where she worked

'I intended not going to work the following Saturday in order to remain at home to sew soccer jerseys and shorts for a local team I explained all that to my co-worker, but gave my boss an excuse that I would be going to a funeral,' she said

She worked for the whole weekend And when she went to the factory on Monday, her boss asked her who was looking after her business then

He said he had private investigators who told him that I was running my own business at home I was fired instantly together with a friend I had brought to the factory

She was fired because the boss claimed, she did not sell me out," Mrs Dibakwane said

She went home feeling sad and baffled by her untimely dismissal But the minute she reached home, and set her eyes on her second-hand sewing machine, her sadness was replaced by ambition and determination

Jobless and frustrated she was given a chance to prove herself Ambition became a substitute for frustration She employed herself and started her climb to the top

She sat down to work, and has never looked back For the first six months she sewed soccer jerseys 'I never made much money from those, so a friend asked me to try curtains and bedspreads I responded"

She said with one healthy and normal pair of hands, no woman could afford to be too poor

"That is what I have experienced Whatever you decide to do, be it making morning tea cakes or dresses, our fellow blacks will always give you the backing you need, as long as you produce good stuff," she said

She said many women especially those with the experience they received at factories, were excellent dressmakers, but they never dreamed of coming together or even as individuals, to open their own factories

"There is not a single factory belonging to blacks It is wise to have an aim in life Have something to fall on when your services are no longer needed at you place of employment"

She said the progress her boss was making at work gave her inspiration to start her business someday

"More than 50 per cent of his customers were blacks I asked myself if my boss could progress that far, what could stop me from doing the same?"

'Since I started with this job I do not dream of going back to work Although I do not make much, I am content The advantages are that I start at my own time and I do not lag behind with my housework," Mrs Dibakwane said

4/9/81

Sow(TF?) (3-3)

(184)

Maud Dibakwane . . . fellow blacks will always give you the backing you need.

4/9/81
SOWETAN
184

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81a 7/9/81

Clothing men meet

(184) (h88)

CAPE TOWN — The National Clothing Federation is holding a convention at Sun City from November 18 to 20 to discuss the "uncertain" state of the clothing industry, the federation's president, Mr Simon Jocum, announced in Cape Town.

Entitled "The climate for clothing in the 80s," the convention will be addressed by executives from the various sectors of the clothing, textile and allied industries.

Mr Jocum said that the clothing industry was in a state of uncertainty. "The economic upturn is levelling out, Government policy is not clear and imports are increasing." — Sapa.

Rules:

(1) An intrinsic function is reference … netic or relational expression, by name and list of actual argume … s must agree in type, number, and order with the specifications … any expression of the specified type. Note, however, that the … he MAX and MIN intrinsic functions is variable.

(2) The intrinsic functions AMOD, M … N are not defined when the value of the second argument is …

(3) It is not necessary to declare the … n in the program unit that contains a reference to an intrins … is already known to the processor.

(4) For a valid intrinsic function ref … e symbolic name

(a) must appear as specified in … list of actual arguments, in parentheses, also specifie …

(b) must not appear in an EXTE … as a variable or array name in a program unit where it appears as a reference,

(c) must not appear in any type declaration different from the implied type declaration of Table 8–2.

(5) If a particular intrinsic function is not referenced in a program unit, its symbolic name may be used for any valid purpose in that program unit.

Examples:

(1) This series of statements reads in the six complex type elements of array VCTR, then prints the conjugate of each array element, using intrinsic functions CMPLX, REAL, and AIMAG.

```
      COMPLEX VCTR(6)
      READ(1,10) VCTR
   10 FORMAT( . . . )
      DO 20 K=1,6
   20 VCTR(K)=CMPLX(REAL(VCTR(K)),-AIMAG(VCTR(K)))
      WRITE(3,30) VCTR
   30 FORMAT( . . . )
```

RDM (184)

AfOver earnings rise 41%

15/9/81

Deputy Financial Editor

AFRICAN & Overseas Enterprises, holding company for Rex Trueform and Vella Sportswear, reports 41% earnings growth in the year to end June.

Both Rex True and Vella report high demand for their products, and the directors expect a "satisfactory", though lower rate of growth in the current year

Earnings a share, excluding a tax adjustment in respect of prior years, were 123,9c (1980 87,5c). The dividend has been raised 30% to 35c (27c).

Pre-tax profit was 39% better at R7 364 000 and taxed attributable profit, including a R270 000 tax adjustment, was 47% better at R3 288 000

The abnormal tax adjustment represnets provisions for tax from 1974 to 1980 no longer required, following a successful appeal to the income tax special court on exporters' allowances

The directors say Rex Trueform achieved a substantial increase in profit Net income before tax was R6 360 000, a 43% improvement Taxed profit was a record R5 588 000, giving earnings of 198,9c (130,1c) a share.

Thanks to intensified marketing sales rose 29,5% in a buoyant market and the group improved market share Export sales also rose 16% in spite of difficult conditions in export markets

Vella hoisted taxed profit 22% to R403 000

"Both our operating companies report that demand for their products continues at a very high level", say the directors, "and that forward bookings into 1982 are more than satisfactory.

Some levelling off of the growth rate during 1982 is forecast, but it is nevertheless expected that the group will continue to achieve a satisfactory level of profitability"

MADISON ACADEMIC COMPUTING CENTER PROGRAM CROSTAB2 81/05/13

SUMMARY OF INPUT RECORD PAGE 1

INPUT RECORD CONSISTS OF 1 OBSERVATIONS OF 74 VARIABLES ON 2 LOGICAL RECORDS

Dividends boost of 30 percent

Star 15/9/81

184

By Patrick McLoughlin

Directors of African Overseas Enterprises have boosted dividends 30 percent — from 27c to 35c — following bigger profits for the year to June.

The holding company for Rex Trueform and Vella Sportswear reported that pre-tax profit leaped 39 percent to R7,4-million (R5,3-million).

After-tax profit was R6,2-million (R4,2-million) and taxed attributable income went from R2,2-million to R3,2-million.

In the current financial year, Rex True and Vella said demand for their products continued at a high level and that forward bookings into 1982 were "more than satisfactory".

Some levelling off of the growth rate during 1982 was forecast but it was expected that the group would continue to achieve a "satisfactory level of profitability."

Rex True, the major subsidiary, boosted pre-tax earnings 43 percent to R6,4-million and earnings a share were 198,9c (130c).

Directors said this was because of strong trading conditions, an export turnover that jumped 16 percent and intensified marketing.

"It was clear that the subsidiary's market share in all divisions has once again improved," they commented.

Pension cash row: clothing men yield

Rom. 17/9/85

By STEVEN FRIEDMAN

IN A new sign of growing worker unrest over the Government's proposed pension legislation, the Transvaal clothing industry's industrial council has decided to allow workers to quit the industry's provident fund.

And yesterday a source in the Federation of SA Trade Unions warned of "a growing groundswell of worker discontent" across industry on the Pensions Bill and said workers were also beginning to raise demands about other pension issues.

The Transvaal clothing industry's decision comes shortly after about 2 000 workers walked out of a National Union of Clothing Workers' meeting, after the union general secretary, Mrs Lucy Mvubelo, had defended the provident fund.

However, Dr Anna Scheepers, president of the Garment Workers Union, has strongly urged workers not to pull out of the provident fund — an appeal backed by employers, according to the union's journal, Garment Worker.

New accord

Worker demands to quit the fund are the latest response to the draft Bill proposing that accumulated pension contributions be automatically transferred with changes of job.

The industrial council's general secretary, Mr Jimmy Thomas, said yesterday that a new agreement negotiated in the industry would allow workers to leave the fund but remain in the industry.

Workers could apply to leave the fund up to October 2. The council had invited applications from workers four days ago and so far 40 had applied, he said.

Those who wanted to withdraw would have to wait until April to receive their money and

"A worker who leaves the industry normally has to wait six months before receiving provident fund money. The same rule must apply to those who want to withdraw their money now," Mr Thomas said.

Mr Thomas said he had been assured by the previous Registrar of Financial Institutions that the fund would be exempt from the new law, but it was not clear whether the new registrar took the same view.

Workers who withdrew would "have to start from scratch" if they rejoined the fund.

Workers received bigger benefits from longer membership and those who withdrew would be treated as new workers if they rejoined.

In Garment Worker, Dr Scheepers said those who stayed in the fund would "be the jackpot winners".

Exempted

She said the new Bill had several safeguards for workers who were worried about their pension money.

Married women and those within five years of retirement would always be able to withdraw their money, industrial council funds could be exempted and contributions made until the Bill became law were not affected.

She said the provident fund had been established for the benefit of workers and "has always been run for their interests".

Workers would lose out on benefits if they left the fund — Garment Worker says those with 30 years' service would lose more than R500 — and they would also have to pay tax on the money they withdrew now.

She accused those who opposed the fund of being "people who lend their ears to outsiders who want to . . destabilise our industry".

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The first recognitio... ...rest cost (i.e. both

debt and equity inte... ...coincided with the

beginning of utility... ...tes were set so that

public utilities wer... a fair return on their

capital. They were ... total interest as a

cost of asset, as it ... set base on which their

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court cases involving ... ...dge ruled

"interest is ju... ...of the im-
portance of ca... ..., and
necessary beca... ...tal cannot
be had for ind... ...ial purposes."9

In this decision no q... ...e between debt and

equity capital. Fr... ...e mid-20's, interest

on both debt and ...

Rag trade pensions released

Star 18/9/81

184

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Thousands of workers will soon be able to withdraw from the clothing industry's provident fund, in terms of a new agreement negotiated in the Transvaal clothing industrial council.

The agreement enables workers to withdraw their contributions in April next year without leaving the industry.

They will have to apply to leave the fund before October 2 and will have to continue contributing until February 1982

In the latest issue of the Garment Worker, the president of the Garment Workers Union, Dr Anna Scheepers, pleads with workers to stay with the fund

She said the draft bill which proposes the compulsory transfer and preservation of pension contributions ensures that contributions made before the bill becomes law will not be affected

Provision is made in the bill for the exemption of industrial council funds from the law and married women and workers within five years of retirement will still be able to withdraw their contributions.

Dr Scheepers said that workers with 30 years' service in the industry stand to lose over R500 if they liquidate their provident fund money.

Women unite to help themselves

By BOITUMELO MAKHEMA

Rushing to the station to get that six o'clock train to work is the thing of the past for the self employed Imizamo Yethu Sisters

In a backyard garage at house number 1341 Dube there flows plenty of creativity and it is where it is happening when it comes to sewing clothes and household goodies such as place mats, oven gloves The workshop is conducted at the home of Mrs Elizabeth Mpenyana.

Mrs Mpenyana was a factory worker for 15 years. After resigning as a machinist she joined hands with other women who were also factory workers to start a part time workshop. This they did in the evenings after work.

"There were six of us when we started the workshop and three resigned from the jobs and operated full time We used our own machines and bought our own material. Later we got a sponsorship from Inter-church Aid with the help of Mrs Bernedette Mosala," said Mrs Mpenyana.

"We had problems in marketing our goods and we were doubtful if the public knew about our home industry. We then advertised our products in Bona magazine and held several exhibitions which gave our workshop a kick."

"Because our workshop falls under a co-ordinating body — Zamani Sisters — we have chosen an area to specialise in. We sew caftans and afro shirts and other clothes in German prints

"Through the exhibitions we held, we received orders from as far as Swaziland and Kuruman. Our other support comes from wedding parties and we are always working fast to finish the orders in time," she said.

SILKY-VOICED: American singer Curtis Mayfield has a legion of fans and admirers including cuties Chris Plaatjies

Together with Mrs Mpenyana are other women who, from the look of things, left the factory because of ill-health or unpleasant working conditions.

Mrs Margaret Kheswa of Dube worked as a table hand at a garments factory. "I left that job and worked for a modelling school. None of these jobs was challenging and when I got ill I decided to leave the job," she said.

"When I learned of the self-help groups I developed an interest. I was amongst women who were trained by Self Help Association for Development and Economics (Shade), which trains women who are joining the workshop," said Mrs Kheswa

Mrs Kheswa finally said that she has developed self discipline and responsibility in doing her work "As we do not have strict supervision, it is upon our shoulders to do our work."

Mrs Maria Sera of Pimville has never worked for a white man in her life She has always been interested in handwork She sold curtains and baby knits for a living To expand her horisons she wanted to learn sewing She is now a perfect dressmaker and says that she still want to learn more skills

Mrs Mpenyana further explained that the members could also conduct their own business outside the workshop "It is our aim to build the WOMAN in every housewife and we would not like to see any woman who is not able to help herself at home," she said

Should you be interested in the workshop you may contact Mrs Mpenyana at her house or can phone her at this number 930-3771

Stay with fund, pleads union

THOUSANDS of workers will soon be able to withdraw from the clothing industry's provident fund — but their union is pleading with them not to do so.

A new agreement negotiated with the Transvaal Clothing Industrial Council, believed to be a response to growing unrest over proposed pensions legislation — enables workers to withdraw their contributions next April, without leaving the industry

They will have to apply to leave the fund before October 2 and continue contributing until February 1982

In the latest issue of the Garment Worker, the president of the Garment Workers Union, Dr Anna Scheepers, pleads with workers to stay with the fund

Referring to the recently published draft bill which proposes the compulsory transfer and preservation of pension contributions, she points out "that contributions made before the Bill becomes law will not be affected.

She stresses that the establishment of the fund more than 20 years ago was a breakthrough for the union and that workers with 30 years' service in the industry stand to lose over R500 if they liquidate their provident fund money — Sapa

ET.

...VESTMENT IN ASSOCIATED COMPANIES (Note 7) RXXX.

NOTES TO BALANCE SHEET.

7.

	LISTED.	UNLISTED.	
Shares at cost, other than premium/N.D.R.	RXXX	RXXX	
Premium/N.D.R., at acquisition	XXX	XXX	
Share of retained earnings (losses)	XXX	XXX	
Amounts owing, debentures	XXX	XXX	
Amounts receivable	(XXX)	(XXX)	
Carrying value as per Balance Sheet	RXXX	RXXX	RXXX
Aggregate market value	RXXX		
Aggregate directors valuation		RXXX	

Textile men to talk out proposed tariff boost

S. Express 20/9/81 ~~182~~ (184) ~~133~~

By TONY HUDSON
Business Editor

THE Textile Clothing Advisory Council has appointed a subcommittee to talk out the proposed round of tariff increases that could, if implemented, send the price of clothing skyrocketing.

The National Clothing Federation's Simon Jocum told the Sunday Express an attempt would be made early in October to get around a table and iron out the differences amicably

"The application for increased tariffs is a bit like a union wage demand they ask for far more than they are expecting," he said

Mr Jocum says the Government has notified the industry that, in future, it must rely on tariffs for protection against imports.

"While we are preparing ourselves for this, we are strongly opposed to the system

"We feel the answer is in import control combined with moderate tariffs

"Import control is easy to administer and the flow of imports can be controlled quite easily, according to the needs of the industry"

At present, the textile industry has one application for massive increases on tariffs for knitted material gazetted and it is believed it has another huge application for a heavy increase in duty on woven fabrics in the pipeline

If the applications are granted, the clothing industry, which has a turnover of around R1 200-million a year, will be hard hit.

The clothing industry and the local textile manufacturers have been at loggerheads for a number of years now, with the clothing men claiming that they must be allowed to import cloth as the textile industry was late with supplies and couldn't meet some of the standards required

The textile manufacturers reacted strongly by accusing the clothing industry of being too fussy and said there was no need for imports as they could meet most of the demand

The ongoing acrimony eventually resulted in the formation of the joint advisory council

It is hoped that this body will be able to sort out disputes without tempers fraying and loud appeals to the Government for help from both sides

WHAT SUITS US?

S. Tribune 20/9/81 (184) ~~187~~

Government committee to probe clothing and textile tariffs

By MIKE PEIRSON
Finance Editor

THE Government set up a committee this week to investigate, in all its aspects, the tariff situation relative to the clothing, garment and textile industries.

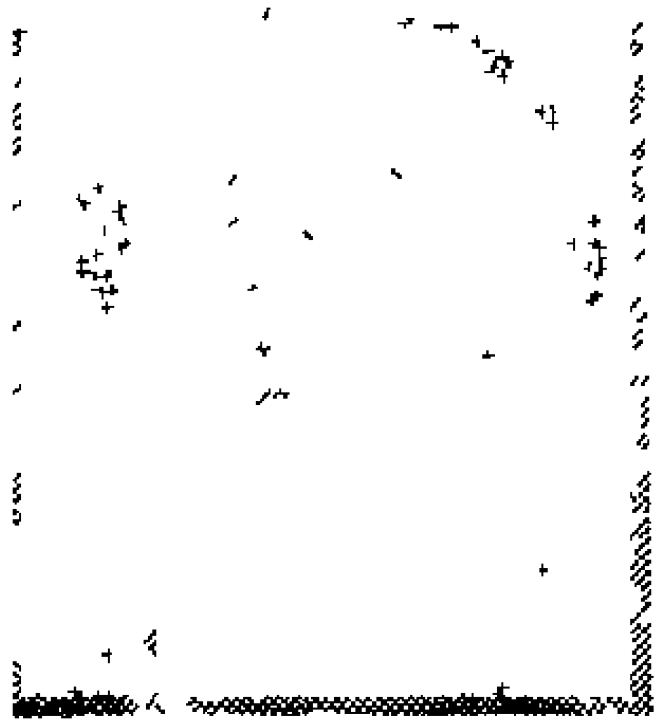
The committee, to be headed by Dr Hennie Reynders, has been told to come up with recommendations within six months.

News of this latest development in the highly controversial area of protectionism in the clothing industry was given to me in Durban this week by Jack Ward, executive chairman of the Romatex Group

He explained "We have asked them to consider the whole question of quotas, the basis of tariff protection and the question of the mechanics of reviewing the tariff protection.

"One of the bases of our argument is that if the sophisticated economies such as the EEC, America and Canada find it necessary, besides tariff protection, to impose quotas on garments from the Third World and the East, why do they think us so clever here that we can have a local industry that can do without quotas?"

An application for the revision of tariffs had



Jack Ward . . . two years out of date

been presented to Government two years ago and still nothing had been heard

"Because the economy has been so buoyant," said Ward, "we have been able to get away with it but with the world economy being in recession it is creating problems back in the Koreas, Taiwans and Hong Kongs Because they are not able to push it into Europe and America they are now looking to Africa

"We are sitting here with tariffs that are two years out of date and we have got all these chaps pumping the stuff in here

"We had import control two years ago, but that's been relaxed dramatically to the extent that in 1979 the total importation of textiles was R140-million In 1980 it was R240-million and in the first six months of this year R212-million. The stuff is pouring in"

Ward did not know what would happen to the original application now the committee had been set up

"We are very worried," he went on, "because we see the provision of employment as probably the number one problem in the country and we are disturbed that we are not creating new jobs.

"Unless we get adequate protection you are going to have something like 200 000 people out of work in the textile industry I can't put a time span on it because that will depend on to what extent they allow the imports to flood in and how the economy grows."

It had been encouraging that in his speech to the Textile Federation this week the Minister of Finance had indicated that the Government was well aware of the importance of the textile industry as an employer of labour.

"On the other hand," said Ward, "you have Mr De Villiers (Minister of Industries). He's shouting free trade at the moment and giving anybody any reasonable amount of import permits they want . . . though how you define reasonable I don't know He hasn't attempted to define it for his department"

Ward said his group was not as badly affected as the cotton industry and those manufacturers entirely dependent on polyester cloths.

"We can buy wool, for instance, at international prices and remain competitive," he said "But some local manufacturers are having to buy polyester from local chemical people who are getting tremendous tariff protection They are paying about 50 percent more for their raw materials than the Koreans, Japanese or Taiwanese"

Ward said Romatex, whose results are due in a matter of weeks, were spot on target for the year.

"Our results altogether are going to be within five percent of what we envisaged," he said. "We said we would do better than our second half last year of 58 cents and we will. Our first half results this year were 61,2 cents. We have managed a compound growth over the last four years of 32 percent. At the halfway stage in this financial year we were up to 40 percent.

"We had anticipated a slowdown in consumer durables, but it didn't decline to the extent we envisaged. The growth we had experience in the second half of last year was phenomenal . between 30 and 40 percent in real terms It tailed off a little, but not as much as we anticipated.

"We thought that the big ticket items such as carpets, which are heavily reliant on finance, would drop off. But this hasn't happened"

In some areas there had been quite severe erosion of profit margins. This had been due to some extent to the large volumes of turnover. Manufacturers had felt they could afford to reduce profit margins, as a result

"We haven't been passing on in full the cost increases we have been experiencing because of higher wage rates and more expensive raw materials.

"We have been going for the past two years with fairly dramatic wage increases. I am afraid this will continue. It won't tail off in the short term.

De Villiers . . . no attempt at definition on permits

"But sooner or later industrialists are going to have to take a stand to slow it down because we are just not getting the productivity commensurate with the increases. Sooner or later the day of reckoning is going to come"

Ward explained: "We have to convince unions that you just can't go any further without productivity because it is going to mean the end of jobs."

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We can deliver the clothes

Manufacturers reply to delay charges

RDM 22/9/81

184

Mail Correspondent

MR SIMON JOCUM, president of the National Clothing Federation (NCF), has protested about retailers' complaints of late deliveries

He said after an NCF executive meeting in Cape Town that "the clothing industry finds certain statements recently made by retail sources regarding late deliveries somewhat exaggerated"

He admits certain manufacturers and textile mills have not met delivery dates, "but this is the exception rather than the rule and the reasons are understandable. The clothing industry has had to meet an unprecedented demand for clothing due to an upturn in the economy over the past year. This, in turn, has placed tremendous pressure on the textile industry as well

"Notwithstanding this upsurge in demand, the clothing industry has met the challenge by increasing its work force and is employing a record number of 130 000 workers In addition, it has increased productivity and overtime Many retailers have, no doubt, under-budgeted their requirements owing to the unforeseen circumstances

"Imports of clothing have doubled and in certain sections have increased by as much as 400% over 1980.

"Owing to the uncertainty of the clothing industry, manufacturers have been hesitant in making further investments until Government policy has been clarified.

"The clothing industry is well aware of consumer interests because if prices go too high, consumers just do not buy Over the past 10 years the price of clothing has increased less than any other item on the cost-of-living index owing to the competitive nature of the industry which now has 1 150 factories vigorously competing in the market place

"The industry realises that high tariff applications by the textile industry force the clothing industry to do likewise. Government policy has indicated that both the clothing and textile industries must look to tariffs for future protection against low-wage countries

"The clothing industry believes that moderate tariffs supplemented by quantitive control are the answer to maintain full employment and fight inflation.

"The authorities have agreed to appoint a study group of experts in each sector from retail, clothing, textiles, fibre producers and wool and cotton farmers to get together with Government experts to plan and safeguard the long-term future of these vital industries employing nearly 500 000 people.

"Full employment means increased consumer spending for retailers More capital and labour will be invested to meet the future demands, but should imports from low-wage countries continue to increase still further, then retailers, clothing, textile, fibre producers, cotton and wool farmers would not come out unscathed from the resulting unemployment

"There is no shortage of clothing or competition in South Africa and the clothing industry is well geared to cater with the demands of 1982

"The industry looks forward to closer co-operation between the retail, clothing and textile industries, so that with better planning and long-term commitments, any bottle necks which may occur can be eliminated

"South African clothing is still the consumer's best buy and large scale imports only create employment in foreign countries at the expense of the domestic market," says Mr Jocum

8. PROCEDURES AND PROCEDURE SUBPROGRAMS

8.1. GENERAL

Up to now, programs that contained only one program unit, the main program, have been considered, with little discussion of procedures. This section describes ... that can be defined in a program unit a... showing how the programmer can use t... compiler, create his own external proc...

The four categories of procedures and ...

- statement functions
- intrinsic functions
- external functions
- external subroutines

A procedure may be a single executable ... statements. The operation(s) to be perf... Each time a procedure is invoked, the v... programmer if required and the procedur... procedures is that the series of operatio... once, eliminating the necessity of repe...

There are two methods for passing valu... ments, (2) by use of the COMMON state... that a function reference requires at lea...

(b) Properly defined

(c) Classification of

(d) Effective job eva

(e) Knowledge of mark … veys

(f) Recognition for i … - performance appraisal

(g) Sound employment

(h) Regular review of … tration and payment

(i) Proper control of

14.3 Incentive Schemes

The principle of recognising … as embodied in merit rating is also the basis for … The prime objective in both cases being to incre… mpensating employees for it.

Whereas in merit rating only … sal of performance is made, with incentive schemes … of individual or group performance is made. It is … entive schemes that an exact measurement of perf… nd for this reason the performance must be measurab… and quantity (time). It is thus difficult to inst… here abstract non-routine work is done and for … ce appraisal is used as an alternative.

In production circumstances … ion which is physically measurable and especially in … ork incentive schemes are used.

Time standards have to be se… under most incentive schemes. This is the task … rtment, i.e. to establish STANDARD METHODS AND TIMES FO… od Study & Work Measurement).

Beside this prerequisite for … ncentive schemes it is also essential that the whole … managed effectively. To frequently have incentive sys… rematurely with resultant conflict and chaos.

14.3.1 Types of Incentive S…

Numerous incentive schemes ex… us deduce their own schemes to meet their particu… number of the more common schemes found in indus… cussed below.

'Cloth firms can cope'

Star 22/7/81

CAPE TOWN — Recent allegations by retail sources that the clothing industry was not able to [illegible] with demand [illegible] exaggerated, according to the president of the National Clothing Federation, Mr Simon Jocum.

Speaking in Cape Town after an executive meeting, Mr Jocum denied that the clothing industry could not meet delivery dates.

This was the exception and not the rule, he said. Tremendous pressure had been placed on the industry because of an unprecedented demand for clothing over the past year.

"Notwithstanding this upsurge in demand the clothing industry has met the challenge [illegible] and [illegible] at present [illegible] a record number of [illegible],000 [illegible].

"In addition it has increased productivity and overtime.

[illegible]

"Many retailers have, no doubt, underbudgeted their requirements, owing to the [illegible] circumstances.

"Imports of clothing have doubled and in certain sections have increased by 400 percent over 1980," Mr Jocum said.

"Owing to the uncertainty of the clothing industry, manufacturers have been [illegible] making further [illegible] [illegible] has been [illegible].

TARIFFS

Mr Jocum said high tariff [illegible] the textile industry [illegible] the clothing industry [illegible] likewise.

"Government policy has indicated that both the clothing and textile industries must look to tariffs for future protection against low wage countries."

"The authorities have agreed to appoint a study group of experts in each sector from retail, clothing, textiles, fibre producers and wool and cotton farmers to get together with Government experts to plan and safeguard the long term future of these vital industries employing nearly 500 000 people," Mr Jocum said.

[redacted]

Clothing quotas must stay—Searle

Own Correspondent

The proposed abolition of import controls on clothing has been strongly attacked by Mr A Searle, chairman of Seardel Investments, the country's largest clothing manufacturer.

In his annual statement to shareholders he warned that the move would lead to unfair competition and put people out of work

He pointed out that the clothing industry was labour intensive and provided jobs for a significant number of people.

If import controls on apparel were ended it would affect the clothing industry's cost structure and create unemployment, he said.

It was essential that the industry be protected against unfair competition from "certain Far Eastern countries"

He called for an assurance from the Government that it was aware of the need for long-term market stability.

This would encourage the heavy investment needer to meet demand in the medium and longer terms

Reviewing the group's activities, Mr Searle reported that group turnover, including the Dubin group, increased 84 percent in July and August.

Although a lower economic growth rate was likely, group turnover was expected to rise to R260-million (Last year, R183-million),and group income before tax R20-million (R14,5-million) equivalent to earnings of 245c (215c) a share.

Seardel heading for another spurt

C. T. 1/10/81

By PAUL DOLD

AFTER boosting earnings per share by 43 percent last year Seardel — the country's largest apparel manufacturer — is heading for substantial growth again with another sharp rise in dividends likely

The chairman, Mr Aaron Searll, says in the annual report that sales thus far this year are running 80 percent ahead of last year

In the current financial year Seardel will have the benefit of the Dubin acquisition and another excellent contribution seems likely from the Sharp group which is expanding strongly

Thus, even if the growth in South African retail sales slows further, the group is well primed for higher profits

The group's forecast says that providing there is no deterioration in the economy, group sales will top the R260m mark (R182,5m last year) yielding pre-tax profits of R20m and earnings per share of 245c (215c)

Mr Searll's forecasts, which are traditionally highly conservative, suggest a minimum total dividend of 41c a share if the six times cover of the past year is maintained

Searll feels that Dubin, plus the increasing emphasis on exports activities, should provide the base for satisfactory results

The group will the servicing the prefs issued to pay for Dubin but this should not provide a problem or slow down dividend growth given the trading outlook

Dubin's profits for the half-year endend June 1981 have already reduced Seardel's cost of control by R1 880 000 And there is no doubt that Searll intends to substantially add to Dubin's share of the local market. This should lead to an impressive profit performance by Dubin given the full backing of Seardel

The balance sheet itself is strong Seardel is one of the relatively few groups to announce its annual financial objectives Group equity rose 134 percent the past year from R18,7m to R43,7m due, not only to the issue of additional prefs and ordinaries for the Sharp and Dubin deals, but also to the higher cover

The return on assets of 18 percent was close to the targetted 20 percent The debt — equity ratio was 2,30 as against 2,08 last year and the group hopes to bring this down to 1,8 1

Although there was a big jump in turnover the current ratio improved to 1,64 (1,46) and the goal is to raise this to 1,8

It is policy to try and achieve a 15 percent return after tax on all investment projects

The annual report includes a current cost statement and this basis cuts group profits by R4,4m but a R2,2m adjustment for financial gearing led to a net reduction of only R2,2m after tax Even after allowing for inflation adjustments dividend cover is a sound 4,6 times

Inflation-adjusted earnings per share fall from 215c to 165c and net asset value rises from 614c to 694c

The past year's results highlight the phenomenal profits earned by Sharp and the appeal of the electronics sector in term of margins

Although acounting for a mere 18,3 percent of assets it provided the highest return of just under 23 percent and a full third of the profits

This compared with the traditonal clothing base's 52,1 percent contribution and its 22 percent margin Apparel manufacturing accounts for 56 percent of the total assets

The remaining profit contributions were widely spread with toys totalling six percent, tanning five percent and clearing shipping some two percent

An indication of the growth planned is given by the capex programme Capex commitments total some R6,8m as against the R393 000 last year Nearly R5m will be funded through mortgage bonds with another R2,1m from internal resources

Earnings per share have risen six-fold over the past five years, reflecting the development of the company into one of the country's leading industrial groups

The acquisition of both Sharp and Dubin suggest Seardel is preparing for a new phase of expansion The share remains an outstanding investment and shareholders should be amply rewarded in the medium term when cover eventually reverts to more normal levels

Spitz equipped for future growth

Star 2/10/81 184

As a result of its recent diversification programme into related but wider fields of activity, Spitz is "well prepared for future growth" says the chairman, Mr Anthony Spitz.

In his annual report Mr Spitz forecasts that with the diversifications coming onstream in the current year the group should once again show a healthy growth rate "although possibly not of the same magnitude as that recorded in the past year."

In the year to June 1981 Spitz increased pre-tax profit by 132 percent to R2,3-million.

Acquisitions made during the year were:

- Footwear wholesaling and distribution companies Republic Shoes and S Slavin.
- A 51 percent interest in Eurofit International, the manufacturer of Bally women's clothing.
- A 51 percent stake in the women's handbag manufacturer, Continental Fashion Accessories.

The company is also establishing shops-within-shops in its AD Spitz chain for Celine and Dunhill.

Star 2/10/84 184

Dismissals

Managements are criticised for mass worker dismissals in an editorial in the "Garment Worker," a publication of the Garment Workers' Union and the National Union of Clothing Workers. Mass dismissals were seen as strike-breaking and represented a "hollow victory" for managements. They also led to bitterness within the community and distrust by the new workforce. Managements had to change their beliefs that unions were "the enemy." The editorial was also critical of management tags such as "intimidators" and "agitators."

SEARDEL'S SUCCESS

FM 2|10|81

Mr Aaron and Dr Searll

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Cape clothing mandarin Aaron Searll turned 50 last week His birthday coincided with the 24th anniversary of his company, Seardel, the country's biggest and best apparel manufacturer

The events were celebrated with all the show and style that Cape society has come to expect from Searll and his beautiful wife, Adele, herself a public relations consultant in the forefront of Peninsular glamour

Their life is well-known for its abundance a Rolls-Royce awaits their use in London, at home is a Lear Jet, which has been known to ferry guests from Johannesburg in relays, and there is a 3 200-bottle temperature-controlled wine cellar Little wonder that some guests say the Seardel flight to the Cape is like passing through a heady cloud of Dom Perignon bubbles

Yet Searll's remarkable achievement in the business world has little of the panache of his social life Hard work, the careful husbanding of resources, and strategic but not spectacular corporate acquisitions have been the hallmark of his business career

The recent acquisition of competitive clothing manufacturer Dubin makes Seardel a very large clothing manufacturer indeed, even in international terms Turnover is projected at R260m and profit at R20m Yet only 24 years ago, sales were struggling along at R30 000 and losses were being experienced in the small Cape company that was the basic enterprise of which the 26-year-old Searll acquired a 50% interest

The Seardel story started when Searll moved from Johannesburg to the Cape to join an auditing firm The move was prompted by his marriage to vivacious Capetonian Adele As a couple they have been a Cape social phenomenon ever since He had still to pass his final board exams to become a CA "Thank God I failed, otherwise I might have become a partner in an auditing firm and never realised my ambition to own my own manufacturing business " Days spent scanning the "Businesses for Sale" column finally produced what he wanted and, on his 26th birthday, he bought half of Elatta Manufacturing for R500

"I knew nothing about the clothing industry Elatta manufactured nurses' caps and bras But my accounting experience taught me that the company's problems were a result of insufficient working capital and a lack of management skills " So the deal provided that the previous owner would leave Searll's R500 and a further R500 as loan account in Elatta to fund working capital and reduce its overdraft Searll also negotiated that should he be dissatisfied with his "birthday present to himself," the 50% interest would be bought back at the same price

Instead, Searll bought the balance of the company in November the same year for R2 400 (£1 200 in six notes of £200) and seven months later under his control Elatta made its first profit Turnover had climbed to R46 000 and a R1 300 loss was replaced by a R400 profit It was the foretaste of a corporate performance that was to culminate in Seardel's becoming one of the better earnings performers on the JSE Last year it ranked tenth in the *Sunday Times* Top 100

Once Elatta was on its feet, Searll embarked on expansion and diversification The name was changed to Venus Clothing and its product range was redesigned to emphasise underwear and childrens' garments Then Searll acquired control of a larger listed company, Desiree Lingerie, and Venus became its second subsidiary Then 10 privately-owned apparel manufacturers were acquired The following year — 1968 — pyramid Seardel was listed In 1977 Desiree minorities were bought out by Seardel and the group started growing rapidly

The next acquisition was Mercantile Holdings, giving the group a stake in the lucrative leather tanning industry This was followed by the acquisition of four apparel manufacturing companies Then listed ladies' clothing and hosiery group Charmfit Holdings was bought In 1970 the shipping and transport company Oceanair had been established with a Durban partner Last year, 75% of Sharp Electronics was acquired and, with effect from June 30 this year, major menswear group Dubin was absorbed

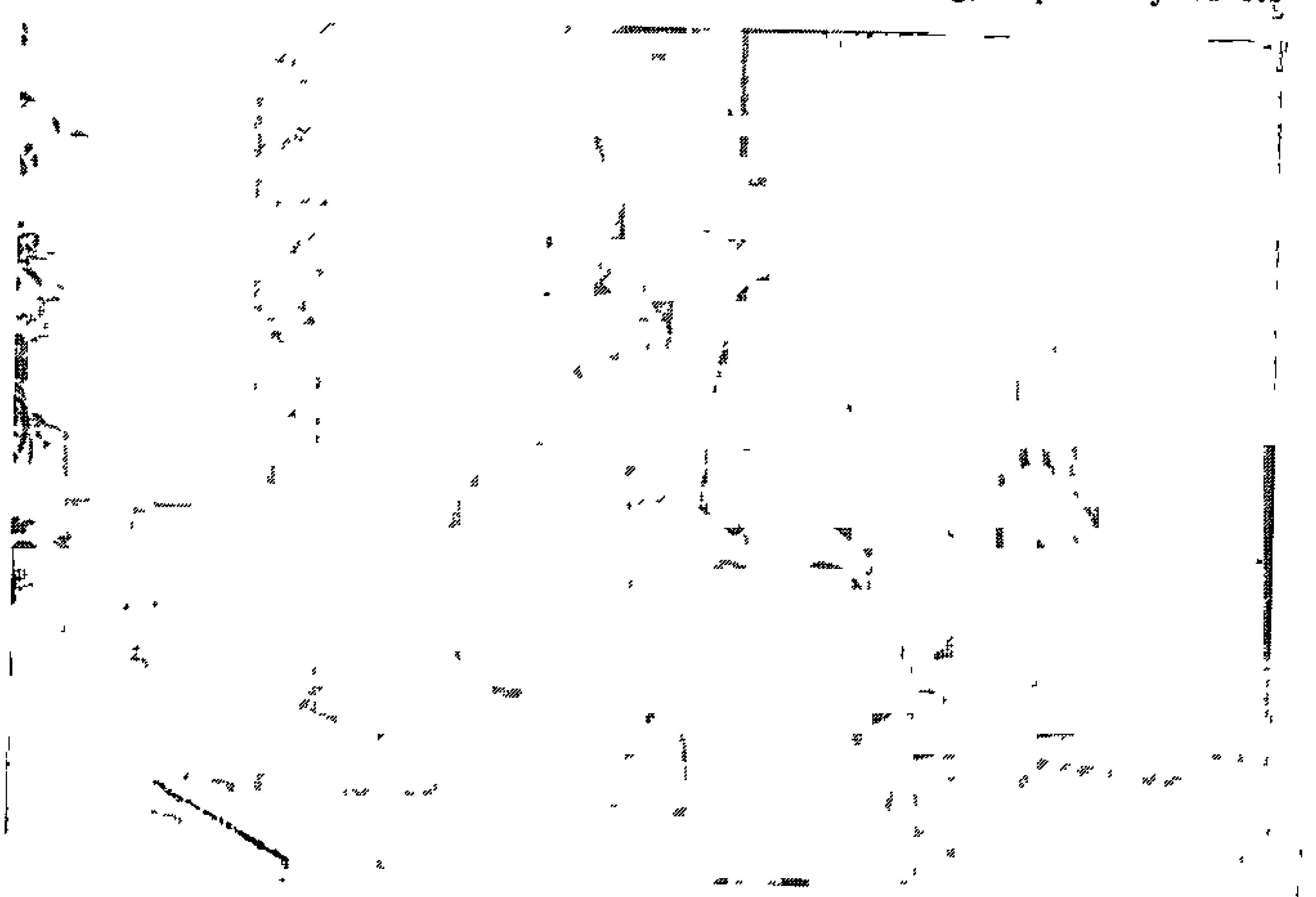
This fast expansion period boosted capital employed from R14m to R76m in five years and produced a compound earnings growth of over 40% a year More important, it provided Searll with diversified interests. Not only did Seardel end financial 1981 with market dominance in almost every clothing sector, but also with profitable investments in toys, electronics, leather tanning, shipping, packaging and computer bureaux — the last named via Dubin

Even so, success is not built on fast expansion alone Searll watched stocks and debtors like a hawk They were controlled and adequate working capital was provided Simultaneously, decentralisation became an essential management priority and philosophy

"When I moved into Elatta, it was working capital and management which turned it around The same keeps the group dynamic today

"Every one of our divisions is run by a team of experienced people Without that depth of management I am not sure if we would have been interested in some of our acquisitions Take Dubin It is a well run company which was very successful in its own right and we will probably learn from them, particularly in the export market "

Though realisation of "the importance of delegation" is one reason for Seardel's success, Searll is in firm control He is clear on where he wants the company to go and clear on the level of risk he wants Generally, this means avoiding volatile areas and planning for continued non-clothing diversification, which has been a winner in recent years. And it is reflected in the nature of the group's financing, especially of its acquisitions



Aaron and Adele .. hard work and high living

Searll ... and some exotic executive toys

It may appear to be a long shot from clothing to shipping and electronics But interests are there to provide a balance Clothing is a very competitive industry, subject to sharp fluctuations in activity Various estimates put the number of manufacturers including small, medium and big, at around 1 200

After providing 43% of pre-tax profit in 1981, diversified activities will continue to provide the padding necessary to weather the clothing industry cycles and smooth the earnings curve They are interlinked in that Seardel itself is an importer of raw materials, hence the shipping interest And electronics requires secure Japanese principals, which Seardel also has, as well as exposure to a high degree of automation

As diversification is a reflection of Searll's views on risk, so too is the group's financial planning For as long as Seardel has been listed, its dividend policy has been described in terms ranging from "stingy" to "conservative " Not really surprising, as the group retained at least twice as much, in percentage terms, as the rest of the industrial market And so it remains today In the year to end-June, cover was six times compared with a market average of under three Any shareholder looking for different had better think again, because Seardel will never be one of the high flyers when it comes to generous distribution

"At first I was criticised for our dividend policy But the market must understand that we have very rigid financial disciplines and in order to meet our growth objectives we need the use of the funds We use the money well and it is in the longer-term interests of shareholders, particularly in times of high interest rates Look, take our inflation adjusted cover — it is only 4,2 If our cover was closer to the market average who would we be kidding? We would not be able to fund growth within our financial parameters "

This means reducing the debt equity ratio from the present 125% to 50% in three years This year, about R8m should be retained

In such circumstances, some analysts have argued in favour of equity funding But besides being a more expensive alternative of robbing Peter to pay Paul, there is also the control aspect to be taken into account Searll makes no pretence that he intends to maintain control of Seardel in firm hands — family trusts and the group's merchant bank Hence most acquisitions since Desiree have been funded at least partly in prefs, though usually with some cash underwriting arrangement

Having guided Seardel from a R45 000 asset company into a R145m giant, where to next? What about forward into retailing or backward into textile manufacture? No chance, says Searll "I do not believe in competing with our customers on the one hand, and require flexibility to buy raw materials where I want, on the other " Nor does he believe that management skills straddle easily such diverse fields as manufacturing and retailing Additionally, that type of expansion could make the group more vulnerable to the cycles of the clothing industry, which is not Searll's objective So it appears that near-term excitement will come from the diversified activities, though Searll favours a period of consolidation after the rapid growth of the recent past

But for a man of Searll's energy, consolidation is only relative He began the exacting task of learning to fly at 47, when most businessmen are settling into a routine of indifferent golf and dyspeptic office The *FM* guesses he will be casting about continuously As matters now stand, the electronics sector — following the acquisition of Sharp — should continue to be an exciting area with new products and expansion almost certainly on the cards

This year's forecast is for earnings of about 245c a share (215c) But this is no doubt conservative Dubin alone is slated to add 23c And with the other clothing activities and diversifications, high interest rates notwithstanding, this target could be exceeded But anyone looking for better than a six times covered dividend may as well look elsewhere Seardel will continue to tread the path laid down 24 years ago — of prudent financial control and careful working capital and asset management

To the outside world Aaron and Adele are the ostentatiously fashionable leaders of the Searll set But the contrast is sharp when he is behind his desk Searll's business conservatism, the hallmark of his success, remains solidly in place In fact, his reputation as the leader of the Beautiful Cape People sits rather incongruously on his corporate presence

What has been his motivation in life? It's not wealth, he says Rather it's a sense of striving with his team of colleagues for business excellence Mind you, he'd like a bit more official protection from those Far Eastern predators But what textile man wouldn't?

REGIONAL LINKS 184

Trading in the dark

FM 2/10/81

Government's obsession with secrecy over trade with black Africa makes it almost impossible for the business community to calculate the effects of Pretoria's tough attitude towards Zimbabwe This is a serious matter for those who do business with that country or face competition from Zimbabwean exports to SA

Next March, SA's cancellation of the Zimbabwe preferential trade agreement takes effect Calculating the practical effect is a matter of guesswork, intuition and inspired detection There are no published statistics on the trade, and government refuses to provide any

As a spokesman for the Department of Commerce and Industries told the *FM* this week: "We don't provide statistics on trade with individual African countries"

Lumping most trade with black Africa into an undifferentiated "globular" figure makes sense Many African countries need to do business with SA but hate being seen to do so For them guaranteed secrecy is a positive incentive to trade

But Zimbabwe is in a different category altogether There is no secret about its economic links with SA and the Robert Mugabe government has gone strongly and frequently on the record about its need to maintain a sound commercial relationship with the south — no matter how bitter the political rhetoric becomes at times.

In addition, since August last year, Zimbabwe has started providing its own overall monthly figures on bilateral trade with SA They lack detail and some doubt whether they are comprehensive, but they do give an idea of the extent of the trade — as well as illustrating that facts SA regards as secret are openly acknowledged by a trading partner.

Potent weapon

In SA terms the trade is not large, although it is very important to Zimbabwe and to sections of the SA economy And, of course, it doesn't reflect items like transport routes for Zimbabwe's non-SA imports and exports although transport is one of SA's most potent economic weapons in its disputes with Salisbury

According to Zimbabwean figures, SA exported about R71m worth of goods to Zimbabwe between January and May this year and imported goods worth about R61m. Zimbabwean figures also imply that Zimbabwean exports to SA are increasing while imports from SA are falling But without information on seasonal variations it is not possible to assess the trend

What the figures do show is that in the first five months of this year Zimbabwean exports to SA were about R17m higher than in the preceding five months while SA exports to Zimbabwe fell by about R7,5m The fall in Zimbabwean imports from SA, although marginal, could be the first result of that country's attempts to diversify its sources of supply

In the past, certain sectors of SA's economy have been particularly susceptible to competition from Zimbabwean goods — particularly those that came in duty free (or on quota) under the preferential trade agreement Heavily affected were the clothing, textile and footwear industries

Industry spokesmen tend to welcome Pretoria's cancellation of the trade agreement while admitting they have no way of assessing exactly what it will mean

Thus Frank Whitaker, director of the National Clothing Federation, welcomed the ending of the agreement He told the *FM* that under it the Zimbabweans "had all the advantages and we got nothing"

Reciprocal rights for SA exporters in Zimbabwe were largely negated by that country's import controls Whitaker said, and there were times when SA producers had grave trouble meeting competition from Zimbabwean imports

More recently complaints from federation members about [illegible] competition had fallen off Whitaker [illegible] possibly because escalating wages in Zimbabwe had made the imported products less competitive

However because of government secrecy, he was unable to give any figures on the volume of Zimbabwean [illegible] imports [illegible] [illegible] ities [illegible]

[illegible] rate, [illegible] and clothing [illegible] According [illegible] and [illegible] Stat- [illegible] arti- [illegible] to [illegible]

On the [illegible] textile articles include clothing [illegible] known [illegible] assume [illegible] not [illegible] imports [illegible]

Pay rise for 58 500 workers

RDM 5-10-81

184

AN AGREEMENT over pay will put an extra R33-million in the pockets of Cape Town's 58 500 clothing workers next year

Mr A M Rosenberg, chairman of the Industrial Council for the Cape Clothing Industry, announced at the weekend that workers at 372 factories would get a 7,5% rise in December, followed by another 7,5% in the first pay week of July

The increases would not affect the price of clothing, he said

The salary increases follow weeks of negotiations between the Garment Workers' Union and the two employers' organisations, the Cape Clothing Manufacturers' Association and the Cape Knitting Industry Association

An attempt to end wage discrimination between men and women doing the same jobs — such as machinists — is also being tackled by the Industrial Council, which has appointed a committee of employers and workers

The Committee hopes to complete its work in time for the next round of wage negotiations, which are expected to take place in Decembrer next year — Sapa

Trueform notches 43% rise

Star 6/10/81

184

CAPE TOWN — Rex Trueform chairman Mr Stewart Shub says a "substantial profit" was achieved during the financial year ended June 30.

Profit before taxation amounts to R6 483 181, he says in his review, which compares with R4 532 680 earned in 1980 — an increase of 43 percent

Net income after taxation amounts to a record R5 588 365 providing a substantial increase of 53 percent in shareholders' earnings.

The dividend is to be raised to 45c a share (1980, 35c).

The past year has seen continuing buoyant conditions in the economy.

These strong trading conditions, together with intensified marketing and product development activity, have resulted in a turnover increase of 20,5 percent and the company's market share in all divisions has once again improved

Export turnover has also improved and the increase over last year has been 16 percent, says Mr Shub. — Sapa

Rextru exports rise 16%

RDM 6/10/81 184

Financial Reporter

REX Trueform's export sales rose 16% in the year to June says the chairman, Mr Stewart Shub in the group's annual report.

"This achievement is particularly significant in light of the fact that there are depressed trading conditions prevailing in our traditional export markets," he notes.

"We continue to believe that exports are a corporate priority; in fact a national priority, particularly in labour-intensive industries such as ours," says Mr Shub.

Export incentives on the increased export turnover, plus investment allowances on new plant commissioned during the year made for a further reduction in the company's effective rate of tax.

Pre-tax profit for the group was up 43% at R6 483 181 (1980 R4 532 680), while after-tax income was up 53% at a record R5 588 365. The dividend was raised to 45c (35c).

On the buoyant domestic front, intensified marketing and product development resulted in a turnover increase of 29,5%, with improved market share in all divisions.

Demand was continuing at a high level, and Rex's forward booking position into 1982 is "more than satisfactory", although "some levelling off of the growth rate" during 1982 is forecast.

In order to cater for increased demand, the company plans to increase the potential of some production lines.

L'Uomo, the shirt manufacturers in which Rex has a 50% interest, showed a substantial profit increase, and plans are in hand for a further shirt facotry, which will again be a joint venture.

A three-year loan of R2-million at 10,25% was negotiated during the year, and a further R3m loan at favourable short-term rates has since been negotiated, so that the company, says Mr Shub, is well-placed to finance future growth.

2 000 clothing workers opt out of provident fund

184 RDM 7 10 81

MORE than 2 000 workers have opted out of the Transvaal clothing industry's provident fund to escape the Government's proposed pension Bill — a move which will cost the fund more than R1-million, the industry's industrial council secretary, Mr Jimmy Thomas, said yesterday

Labour Reporter

At the same time, Mr Thomas warned of "frightening unrest" in the industry unless the fund was exempted from the proposed Bill, which "freezes" new employee pension fund contributions until retirement

Although the workers who had withdrawn comprised only 10% of the industry, the others had only opted to stay in after assurances that the fund would be exempted

"They feel just as strongly about the issue. If we don't get our exemption, I'm convinced we will have serious unrest," he said

The workers who withdrew took advantage of an industrial council decision to allow all workers who wanted to opt out of the fund to do so without having to resign from the industry

This move followed growing tension in the industry on the pension issue, which has sparked nation-wide labour unrest

Both employers and the trade unions in the industry urged workers not to withdraw from the provident fund One reason they cited was an assurance by the previous Registrar of Financial Institutions, Mr Wynand Louw, that the industry's provident fund would be exempted from the Bill

Mr Thomas said yesterday that "an ironic effect" of the decision by the 2 000-plus workers to withdraw was that "they may land up as the only workers in the industry affected by the very Bill they are seeking to avoid"

He said that these workers would probably have to be accommodated in a pension fund some time next year and that it was likely that this new fund would have to be subject to the provision in the Bill "freezing" pensions

"If we get our exemption, this means that those who stayed in the provident fund will escape the Bill, while those who opted out will not," Mr Thomas said

He said that the industry had received no new assurances from the present Registrar, Mr Naas van Staden, that its provident fund would be exempt

"But we are assuming that the assurance we have already been given still holds We have heard nothing to the contrary," he said

"We sincerely hope that the authorities have not changed their minds If they have, the implications for the industry are alarming," Mr Thomas warned

Mr Thomas said that, at present, the contributions which workers would withdraw would amount to about R1m — 10% of the fund's assets

But the final amount to be paid out would exceed that as these workers would still have to contribute to the fund for several more months and would also be entitled to their additional contributions

Wage deal gives garment workers an extra R33-m

Sta 8/10/81 ~~235~~ 184 ~~246~~

A new wage agreement for Cape Town's 58 000 clothing workers was successfully negotiated last weekend.

The new industrial council agreement amounts to an extra R33-million for workers in the industry

A spokesman for the Tucsa-affiliated Garment Workers Union said the agreement was effective from December this year and amounted to a 7,5 percent increase on December 13 and another 7,5 percent again next July.

The wage rises also mean that the starting salaries for "learners" will be the highest in the country, going from R21,60 a week to R25

In the Transvaal the starting rate is R17,60, in Natal R20 and in Eastern Province R18,48.

The determination affects workers at 372 factories.

LABOUR BRIEFS

shops are reported to have removed Wilson-Rowntree products from their shelves.

While the trader boycott has had the verbal support of area traders associations, much of the impetus for the boycott came from members of a Wilson-Rowntree support committee

Hike for rag trade

C Ho 20/10/81 (184)

GARMENT workers in the Cape are to receive a 7,5 percent increase in wages in December and another 7,5 next July.

Machinists, who make up 85 percent of the 58 500 workers in the clothing industry and at present receive R37,10 a week, will be receiving R40 a week in December and R42,80 in July.

Starting pay for a learner goes up from R21 to R25.

No qualified adult will earn less than R30 a week.

RDM 13 10 81

Clothing workers get rise

346 / 138 184

Mail Correspondent

NEARLY 60 000 workers in the Cape clothing industry will get a 7,5% pay rise in December, followed by a further 7,5% six months later

The deal was accepted by the Garment Workers' Union of the Western Province

A statement by the chairman of the Industrial Council for the Clothing Industry, Mr A M Rosenberg, said the increases would put an additional R17,5-million into workers' pockets from the commencement of the annual holiday period

The increases go to 58 500 workers in 372 factories

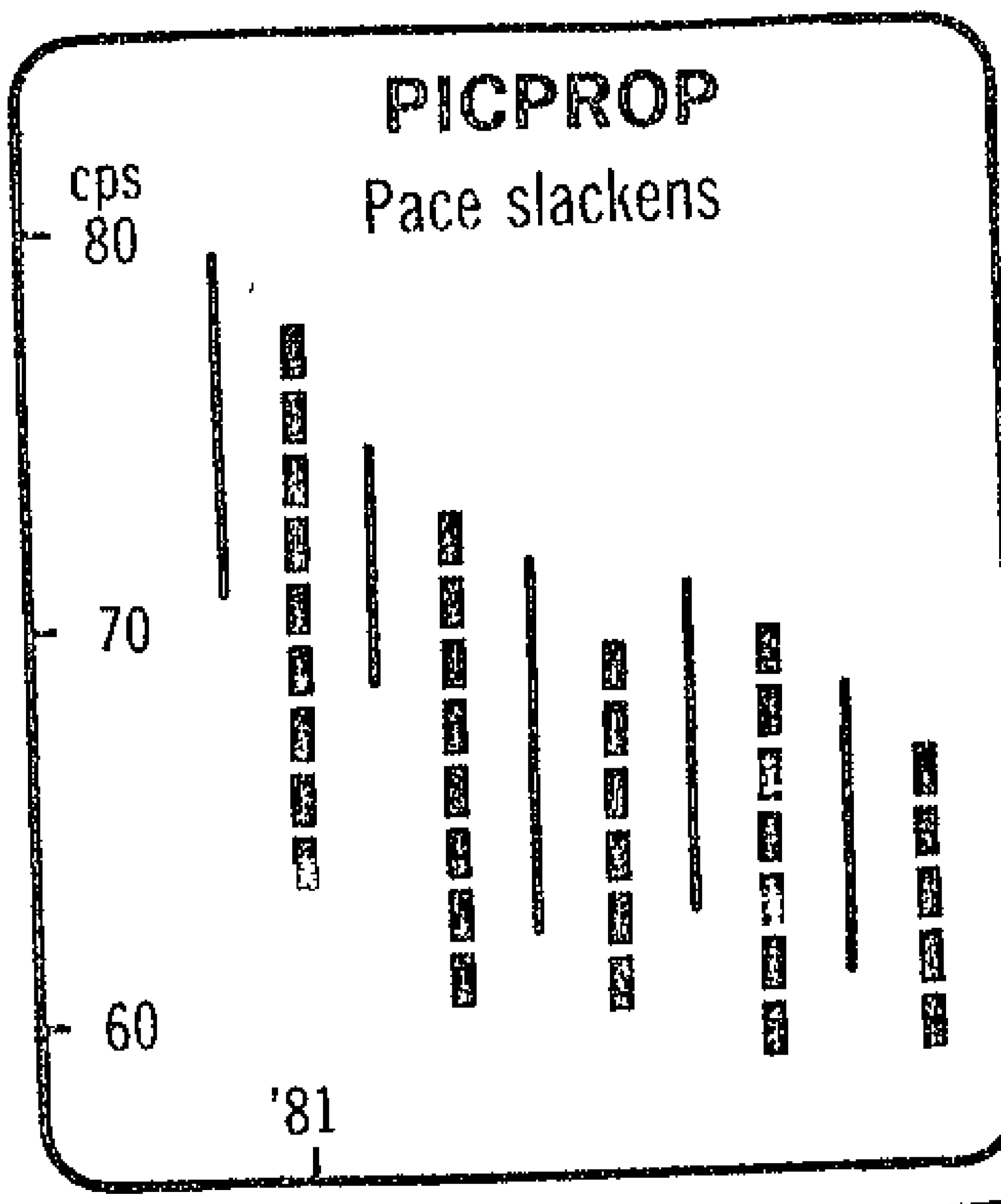
Mr Rosenberg said the increase was unlikely to cause a sharp rise in clothing prices

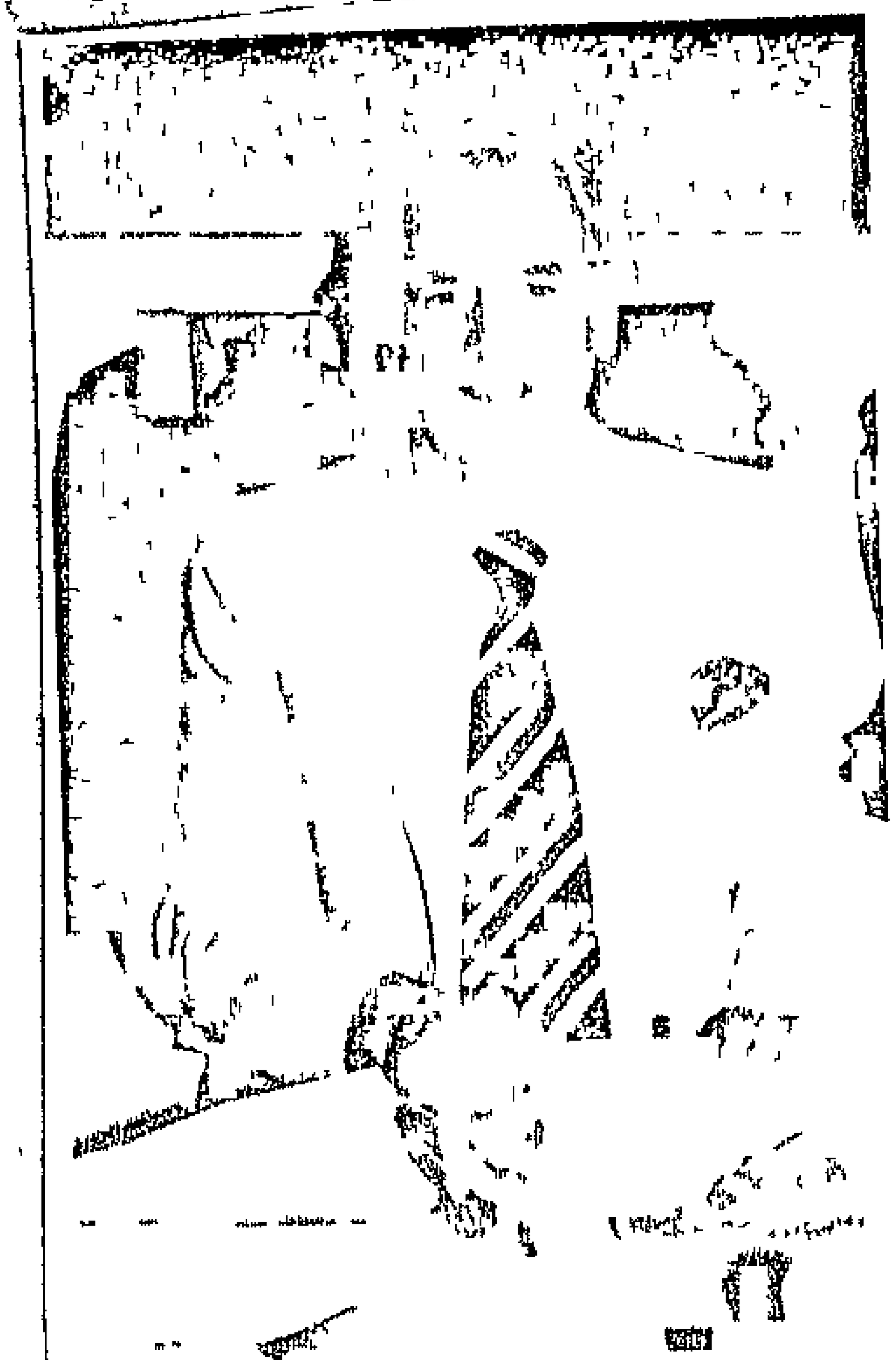
PICPROP FM 13/11/81

Better returns

(184)

Activities: *Main profit source is Adidas sportswear Other interests include property and share investment Picbel owns 56,6% of the equity through Sagit*
Chairman *T B Rood*
Capital structure: *7,8m ordinaries of 50c Market capitalisation R4,4m*
Financial *Year to June 30 1981 Borrowings long- and medium-term, R3,4m, net short-term, R374 000 Debt equity ratio 83% Current ratio 1,6 Group cash flow R490 000*
Share market *Price 57c (1980-81 high, 90c, low, 26c, trading volume last quarter, 276 000 shares) Yields 10,0% on earnings, 4 4% on dividend Cover 2,3 PE ratio 10,0*





Picprop's Rood .. deciding on a profit split?

Picprop's acquisition of the Adidas franchise in 1979 shifted the emphasis of the business from property to sports clothing manufacture and helped to increase profit four-fold in financial 1980 At the same time, the company followed a policy of selective disinvestment in undeveloped or low-yielding properties

	'78	'79	'80	'81
Return on cap (%)	7 3	6 5	9 6	12 8
Turnover (Rm)	1 1	1 1	4 5	7 6
Pre tax profit (R 000)	127	85	353	730
Earnings (c)	1 4	1 0	3 5	5 7
Dividends (c)	—	-	—	2 5
Net asset value (c)	59	60	60	63

It is somewhat ironic, therefore, that higher rentals and generally better yields on the properties were the major factor in the group's improved results Chairman Theo Rood says he expects a further improvement in profit during the current year which should come mainly from the property division and to a lesser extent from textiles

Last year property rentals contributed R169 000 or 38 2%, of taxed profit, against 21 8% the previous year That was due to the strong demand for shop and office accommodation which according to the directors, is expected to continue this year because of the lack of new buildings coming on stream Revenue will also get a boost from the agreement with Southern Sun to lease parking space in the Picbel Parkade in Cape Town

And, of course, the relative importance of the Adidas franchise declined last year despite satisfactory advances in both turnover and profit Sales by the sportswear manufacturer increased by 90% while pre-tax profit shot up by 179% The contribution to overall taxed profit however slipped from 62% in financial 1980 to 53 8% The directors say that buyers are tending towards greater caution and selectivity, but the order book still reflects a healthy position

Higher interest rates, however, are a worrying factor, despite the fact that the negative profit gearing on loan capital was eliminated last year This resulted from an improvement in returns and profitability rather than from any decrease in borrowings Total debt increased from R3 8m to R4,2m bringing the debt equity ratio to 83% (79,1%) The average interest rate slipped from 12,3% previously to 10,9%, but that was probably due to the intake of additional borrowings late in the year

That moderated the effect of interest payments on gross profits, but substantial increases in interest rates have occurred since the end of the financial year and the impact on net pre-tax profit this year could be considerable

The company resumed dividends last year with a payout of 2,5c, which was covered 2,3 times by earnings Although the group's prospects are now vastly improved over the position two years ago, dividends may well be restricted if borrowing pressure becomes more intense this year

Chris Wilson

ORGANISATION FOR SMALL TRADERS URGED

ARGUS 16·10·81 184 ~~30~~

INDEPENDENT clothing retailers should form a country-wide organisation to stand up to the power of the big chain stores and manufacturers, says a Cape Town trader.

They should support the creation of NICRA, a National Independent Clothing Retailers' Association, Mr Philip Krawitz, managing director of Sparks and Ellis and Cape Union Mart, said today.

He said the small retailer's existence was now threatened by a three-way squeeze.

- He has no bargaining power on prices as manufacturers are aware of his precarious position and refuse to entertain price reductions.
- He is forced to compete with the chains through his inability to get exclusive merchandise.
- Non-deliveries and insufficient supplies rob him of the ability to maximise his profit potential.

The big clothing chains, because of their muscle and huge orders, were given priority by hard-pressed clothing manufacturers. The small retailer had to wait at the end of the queue.

'No manufacturer in his right mind would mess around a giant like the Woolworths - Truworths organisation.'

However, numerous complaints had been received by the Cape Town Chamber of Commerce from small businessmen who received late reduced or — worse still — no supplies at all from certain manufacturers.

This reduced profits and prevented growth to meet the increased demand.

"The result is a strengthening of the chains and a weakening of the independent retailers — an alarming situation."

Mr Krawitz, speaking to traders and clothing manufacturers at a Menswear Group meeting this week, said there was nobody to represent the thousands of independent retailers.

Mr Colin McCarthy, secretary of the Cape Clothing Manufacturers Association, said manufacturers would welcome the formation of a clothing retailers organisation.

'We would prefer to see it cover the whole spectrum of retailing, big as well as small.'

Textile makers seek big increase in duties

ARGUS 16.10.81 ~~177~~ (184)

By TOM HOOD

BIG increases in import duties are being sought by the Textile Federation.

They cover a wide range of fabrics and, if approved by the Government, mean rises varying from 10 to about 100 percent on import duties

The rises will be vehemently opposed by the clothing industry, says the president of the National Clothing Federation, Mr Simon Jocum

Clothing manufacturers want a stand-still on all bids for higher duties, including its own 12-month-old application, until a Government commission on import duties reports

Both industries are worried about an upsurge in low-price imports from the Far East, particularly Taiwan, and claim many of the prices are 'dumping prices' because of the surplus from the downturn in their sales to Europe

Only about 20 percent of the country's textiles are imported, but textile users feel the amount of protection will be so high that many local prices could rise, as well

And this, ultimately, will mean higher shop prices for clothing, curtains, upholstery and other goods. If prices get too high, people won't buy, say traders.

Mr Jocum says clothing and textile manufacturers are facing a total onslaught from industries in Taiwan offering to supply all kinds of low-price clothes and fabrics.

"Every day I receive at least 10 letters offering goods at unbelievable prices because of the recession in Europe.

SITTING DUCKS

"They must think this is the open season and we are sitting ducks"

Both industries have been told the Government is dismantling import control and they must look to tariff protection if they feel threatened by other countries.

Importing is already too easy and attractive, claims Mr Jocum "But once the doors are opened completely, many manufacturers could become importers of both clothing and fabrics.

One manufacturer estimates if he could import 10 percent of his total turnover, that would give him a greater profit than the other 90 percent produced by local labour in Cape Town

Provisional figures show the value of clothing imports more than doubled in the half-year to June and were worth R55,8-million (R26,8-million) at f o b prices

The quantity showed a rise of 39 percent to more than 31-million items Biggest increases were in infants' clothing, all kinds of knitwear, shirts, woven outerwear and leather garments.

Costs of many garments were lower than a year ago in spite of inflation, indicating price-cutting by overseas manufacturers

Imports of men's and boys' overcoats and raincoats almost doubled to 158 000 garments worth R975 000 f o b, up 86 percent This was equal to 37 percent of the local production volume or about four and a half months' output by South African garment manufacturers

Exports for the half-year dipped by almost 12 percent, to R15-million in value, largely through the recession in Europe, says the National Clothing Federation

Garment workers accept the closed-shop principle

STAR 16/10/87 184

LABOUR BRIEFS

The Tucsa affiliated Garment Workers Union (GWU) accepts the closed shop principle except where it is used by some unions as a form of job reservation. In an editorial in the weekly "Garment Worker" the GWU welcomes the recent report of the National Manpower Commission which states that the closed shop system should be retained. The system ensures that workers do not remain outside the union and accept lower wages, the editorial states. But the closed shop system was abused when white unions used the system to keep black workers from doing certain jobs limited to their union means of resolving disputes, he added

CLOTHING FM 16/10/81 184

Striving for balance

Amid rising tensions in the clothing and textiles industry, Commerce and Industries Minister Dawie de Villiers is expected to announce the appointment of a "study group" next week. The group will try to reconcile the conflicting demands — for protection on the one hand and trade liberalisation on the other — from the four major sectors of the industry

The four sectors are clothing manufacturers, textile weavers and knitters, manufacturers of synthetic, wool and cotton fibres, and retailers It is anticipated that the study group will comprise representatives of all sectors

By throwing them together, De Villiers probably hopes to encapsulate the row and forge some kind of consensus This could prove difficult

Economic indicators point to a sharp downswing in the business cycle next year Real gdp growth may barely exceed 2% This makes people in the rag trade nervous Aggregate employment in all sectors is said to be about 500 000 people and many will lose their jobs when the demand begins to fall Many more will do so unless domestic industry is protected from imports of low-wage countries in the East and elsewhere

Fear of "imported unemployment" is bound to release a stream of applications for higher tariff barriers — even though the local industry is among the most heavily protected in the world, including Australia, Japan and the US

But people in the non-retailing sectors of the trade argue that tariff protection is inadequate Lead times between design and implementation are too long and they raise home prices unnecessarily

Moreover, it is said that an application for protection in one sector is usually leap-frogged by an application in another Like their counterparts in the EEC, where unemployment in clothing and textiles is measured in hundreds of thousands and companies fail in their hundreds, local clothing and textile people want a combination of formula duties and quantitative import controls to maintain manning levels

Unless De Villiers, a professed free trader, has gone soft in recent months, strong arguments will have to be advanced to get him to change his mind about quantitative controls

The reason why SA has consistently refused to accede to Gatt's Multi-Fibre Agreement (MFA) (which regulates the flow of soft goods from LDC countries to industrialised countries) is because it is self-conscious about being a resource-rich country with a high tariff structure and little weakness in its basic balance of payments position

In fact, it was pointed out at the recent MFA talks in Geneva that SA and Australia, with their immense natural riches, had built such high protectionist walls around their clothing and textile industries that they had succeeded in attracting investments by major foreign companies which might otherwise have gone to poorer, developing countries

The counter-argument is that SA has its own LDCs — the small Indian clothing manufacturers in Durban/Pinetown and the textile mills of the eastern Cape bantustans and elsewhere — which can supply cut-rate fabrics and garments On the other hand, it may not be easy to convince retailers that additional protection is necessary

Textile manufacture .. a search for consensus

Until recently, consumer demand for clothing was rising at an annualised 15% Clothiers, despite heavy additional investment in plant and machinery and an increase in the workforce from 115 000 to 130 000 in less than a year, could not keep pace with retailers' orders and there were late deliveries

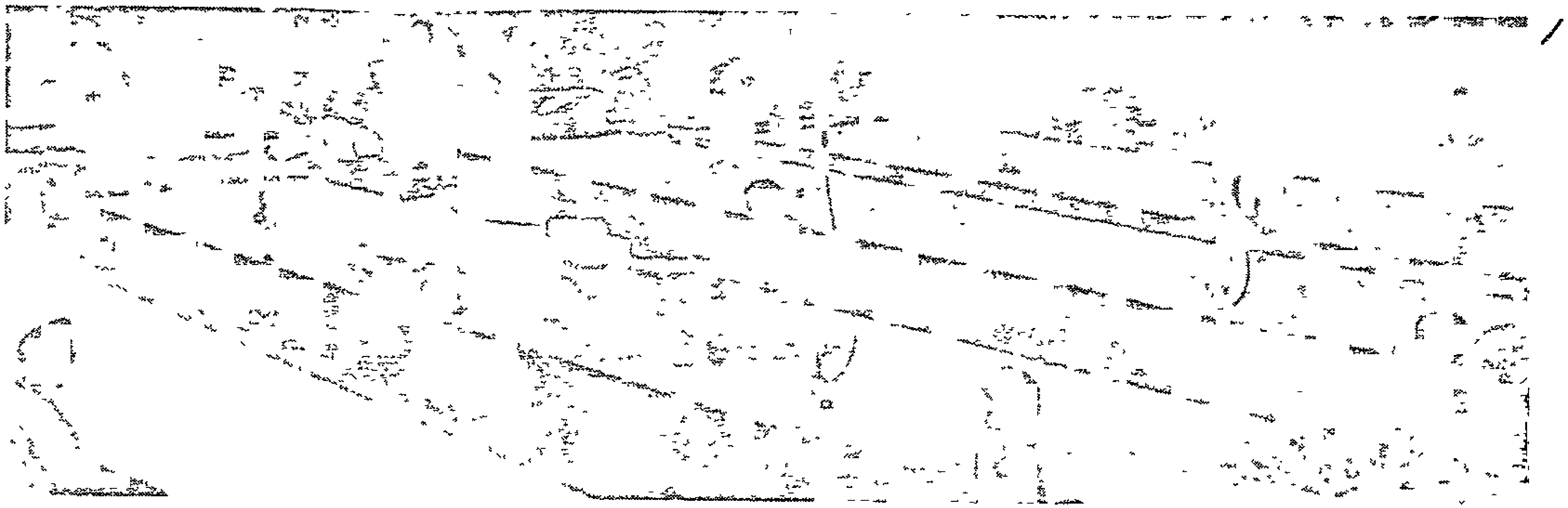
Chairman Sydney Press says in Edgars' latest annual report that the high level of consumer demand created pressures with which the clothing, footwear and textile industries could not cope On average, he says, one out of every three orders "which we place, is delivered seriously late"

He says it is questionable whether the campaign mounted by the clothing and textile industries "for yet further entrenched protection from imports" is justified

Foschini MD Hugh Mathew says there is "no question that manufacturers were unable to keep pace with demand which escalated in 1980 Shortfalls and late deliveries have been very substantial" He claims a high 5% of non-deliveries on orders which were placed up to a year in advance Late deliveries averaged "well over 50%"

It comes as no surprise, therefore, that imports of finished clothing in the first half of 1981 ran to R57m fob compared with R27m fob in the first half of last year The fact that clothing manufacturers' order books for 1982 show no growth over 1981 could mean that retailers are holding back on domestic orders and leaving room for increased imports

In the meantime, it may be a good idea to freeze all tariff applications until the "study group" has completed its work



A general view of one of the production halls at Berkshire International in East London.

Bigger and better at Berkshire

DD 20/10/81 (184)

Berkshire International (SA) first started hosiery production in East London in 1949 and has grown from a single product manufacturer into a three-divisional, public quoted company with strong international affiliations

HOSIERY DIVISION

In 1949 the process involved dyeing and packing knitted hosiery imported from the parent company in the US

On May 25, 1951, however, the factory, situated in the Woodbrook industrial area, was officially opened and went into full production Berkshire thereby made the first stocking to be entirely manufactured in South Africa

Today the factory still manufactures hosiery of the highest quality, which is sold under the Berkshire label There are styles and colours to suit all tastes

In addition, hosiery under the prestige "Christian Doir" label is manufactured, distributed and sold exclusively by Berkshire International

KNITWEAR DIVISION

In 1965 the company entered the field of fully fashioned knitwear and after detailed research, the first Berkshire knitted garments for women were launched on the market in early 1966

This range has expanded over the years and the application of up-to-date knowledge has ensured that fashion trends and styles are fully catered for in an extremely diversified plant with the very latest in fully fashioned, circular and flat-bed knitting equipment

H D. LEE DIVISION

In 1973, H D Lee Co (SA) (Pty) was established as a wholly-owned subsidiary of Berkshire International and in 1974 the "Lee" range of work and leisurewear was manufactured in South Africa for the first time

Full expertise gained since the formation of the H D Lee Company in Kansas City, US, in 1889 has been applied to the manufacture of the famous "lee Riders" authentic Western-styled denim jeans and various other "Lee range" extensions

'Lee' branded shirts have lately been launched on the South African market to create the total authentic Western look in work and leisurewear, backed by the promise of "Lee" quality and durability

VANITY FAIR

Berkshire International also imports and sells the famous "Vanity Fair" line of women's lingerie, manufactured and styled in the United States

Berkshire International is the only company with its head office in East London which is quoted on the Johannesburg Stock Exchange

The company employs over 1 000 people in its factory and in the country-wide sales and distribution structure

The company's labour strength and relatively low labour turnover can be ascribed to a modern management approach with accent on good human relations Full training is provided both on and off the job and good fringe benefits ensure a loyal and stable workforce

The company has entered a growth phase and expansion programmes are underway at present to meet the further challenge of the 80s

These include increased production facilities, especially in the hosiery and "Lee" areas, as well as improved staff facilities, including a new staff canteen which was completed recently

The future of the company looks good and the name Berkshire will continue to provide a firm foundation stone in the industrial life of East London

TEJ FM 23/10/81

Saving up (184)

Activities *Manufactures and markets knitwear and clothing The directors hold 34% of the equity*

Chairman and managing director *R M Jacobs*

Capital structure *2,4m ordinaries of 50c Market capitalisation R1,7m*

Financial *Year to June 26 1981 Borrowings net short-term, R2,5m Debt equity ratio 79,6% Current ratio 1,6 Net cash flow R439 000 Capital commitments R145 000*

Share market *Price 70c (1980-81 high, 100c, low, 45c trading volume last quarter, 26 000) Yields 18,3% on earnings PE ratio 5,5*

	'78	'79	'80	'81
Return on cap (%)	1,4	8,8	8 8	14,2
Turnover index*	119	127	139	174
Pre-tax profit (Rm)	180	251	77	472
Earnings (c)	7 5	6 0	2 3	12 8
Dividends (c)	—	—	—	—
Net asset value (c)	—	118	120	134

* 1973=100

Management's reasons for passing the dividend for the seventh year in succession are valid But the lack of income is hardly likely to please shareholders who may have entertained hopes of participating in the year's profit improvement

The company's entire debt is short-term so interest payments are sensitive to interest rate changes As management expects a further turnover increase this year and, presumably, an increase in working capital requirements, profits are being retained in full to limit the need for currently expensive further borrowings

Though the company benefited from last year's consumer spending boom, management believes that the full benefits have not yet been felt However, it may be too optimistic to expect any major turnover or profit improvement this year Part of last year's improvement was achieved by reducing stocks, which could be a pointer to bottlenecks in the first half of this year if sales are strong

The 50% increase in the value of work in progress seems to reflect management's confidence in a further sales advance But against that is the fact that raw materials stocks have hardly increased despite inflationary cost increases It is to be hoped that this does not signal a recurrence of financial 1980's problems when delays in raw material deliveries made a shambles of marketing plans

There is little point in expecting a dividend this year as none of the factors affecting retentions are likely to change The share has little near-term attraction

Jim Jones

Rex Trueform revamp

RDM 30/10/81 (184)

Financial Reporter

REX Trueform clothing group and its holding company, African & Overseas Enterprises, have had some internal rearrangements

Rextrue is to acquire the whole of Vella Sportswear from A&E for 180 000 Rextrue shares and R300 000 cash

Neither company's results will be significantly affected immediately, but important cost savings are hoped for in the longer term

REX TRUEFORM FM 30/10/81

Improved margins

184

Activities. *Clothing manufacturer with major export markets The directors hold 47% of the equity, mainly through African and Overseas*

Chairman· *S C Shub*

Capital structure. *1,4m ords 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 1981 Borrowings long- and medium-term, R10,5m, net short-term, R2,1m Debt equity ratio 54,3% Current ratio 3,6 Group cash flow R6,6m Capital commitments R331 000*

Share market· *Price 550c (1980-81 high, 620c, low, 430c, trading volume last quarter, 15 000 shares) Yields 35,1% on earnings, 8,2% on dividend Cover 4,3 PE ratio 2,8*

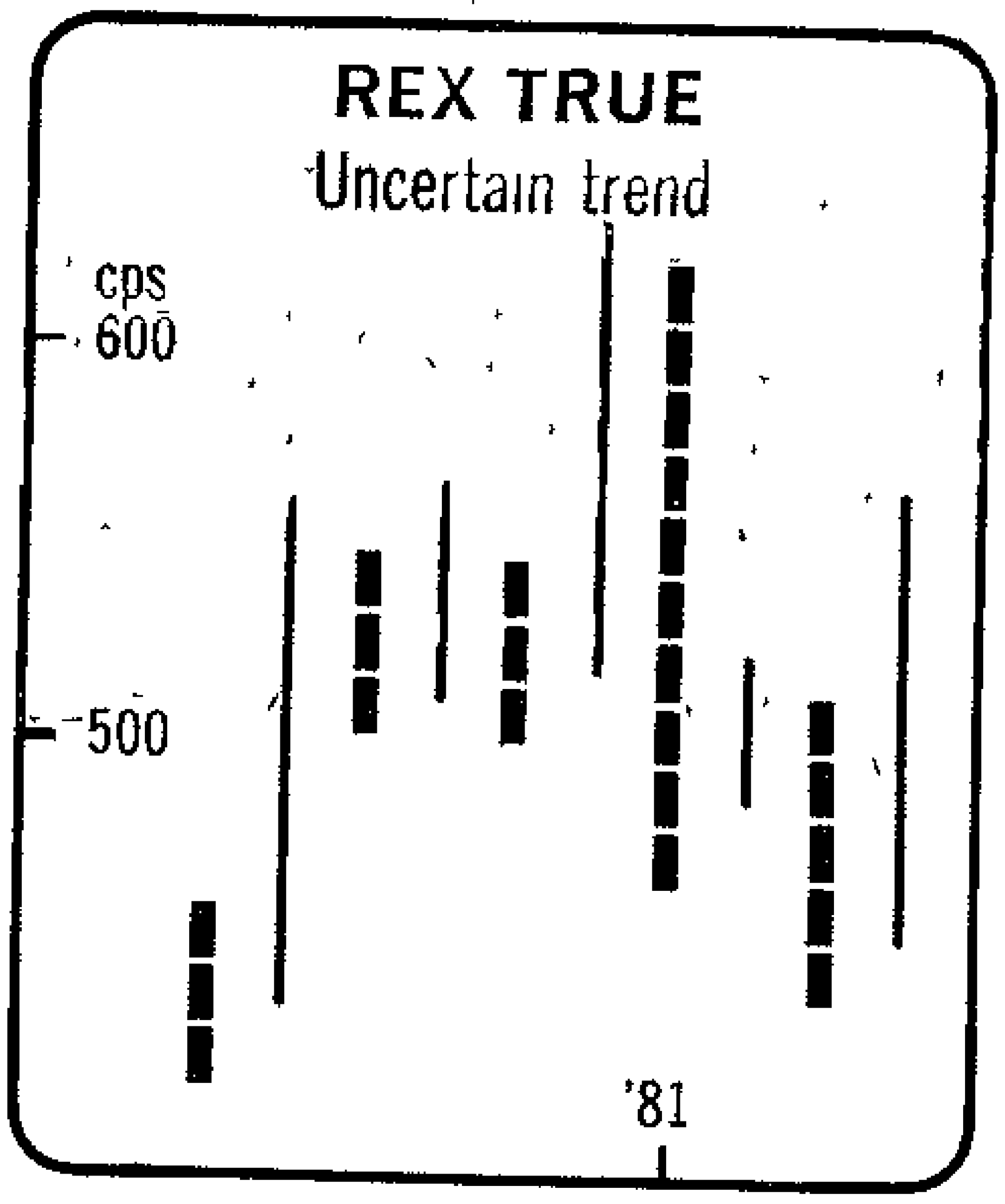
	'78	'79	'80	'81
Return on cap (%)	16 2	19 7	17 4	20 0
Turnover (Index)*	203	246	308	399
Pre-tax profit (Rm)	2 8	4 2	4 5	6 4
Earnings (c)	74 0	106,7	129 3	193 0
Dividends (c)	28	30	35	45
Net asset value (c)	563	641	730	890

* 1973 = 100

Rex Trueform's results make it difficult to see how clothing manufacturers can justify their repeated calls to government for protection against imports Admittedly, the company has a well-developed export market, but with the current overseas recession, it is clear that much of last year's profit improvement was due to the higher volume of local sales

Chairman Stewart Shub says export turnover grew 16% despite the depressed trading conditions abroad Overall turnover rose 29,5%, while pre-tax profit advanced 42,6% to R6,4m (R4,5m) That represents a substantial improvement in margins over the previous year when a 25% increase in turnover was accompanied by an increase of only 5,7% in operating profit

The directors say buoyant local trading conditions, coupled with intensified marketing and product development, combined to increase the company's market share in all divisions In addition, the company's 50% interest in shirt manufacturer L'Uomo as well as the investment in Everest Marketing boosted pre-tax profit by some R398 000



Rex True's Shub .. some levelling off expected

Bottom line profit again reflected a lower tax rate as a result of increased export incentives and investment allowances for additional plant The tax rate slid from 19,5% to 18,3%, which helped lift taxed attributable profit to R5,4m, compared with R3,6m previously Earnings were also inflated by an additional R27 000 after earlier tax provisions were cancelled following an appeal to the tax courts

Rex True has come under a certain amount of criticism in the past for the seemingly high tax component in its earnings profile But management can hardly be condemned for its continuing focus on export markets as an important source of income In fact, it is to the company's credit that it should have succeeded in breaking into markets aboad, while at the same time providing itself with a contra-cyclical buffer against a downturn in the local economy Despite the unfavourable economic climate overseas, the group is likely to continue its emphasis on exports, which Shub describes as a corporate, if not a national, priority

Working capital requirements to finance expansion led to a medium-term loan of R2m being taken up A long-term loan of R3m has been negotiated since the year-end Total borrowings at balance-sheet date rose from R11m to R13,7m, while the debt equity ratio edged up to 54,3% (52,7%) Gearing is fairly conservative at that level To help maintain a sound financial structure, dividend cover was raised to 4,3 times, compared with 3,7 previously

Shub's forecast for this year is that the group will continue to maintain a "satisfactory" level of profitability, although some levelling off is expected He adds that the forward booking position into 1982 is healthy and that demand is continuing at a 'high level" The fact that stocks are 24% higher indicates that Rex True is well prepared for continued high volume sales

African & Overseas Enterprises — which derives most of its income from a 76,9% stake in the voting capital of Rex True — lifted taxed attributable profit to R3,3m from R2,2m previously. The higher 45c dividend from Rex True enabled African & Overseas to increase its own dividend to 35c (27c)

Even if demand holds up this year, margins could now show signs of increasing pressure if the economy goes into a downturn Even so, Rex True is currently trading at a discount to the sector, which seems curious in view of the company's export benefits African & Overseas currently yields an historic 7,8% on dividend, while Rex True is marginally more attractive on an 8,2% yield

Chris Wilson

Cape clothing group back in black

Argus 7/11/81

(184)

By Tom Hood

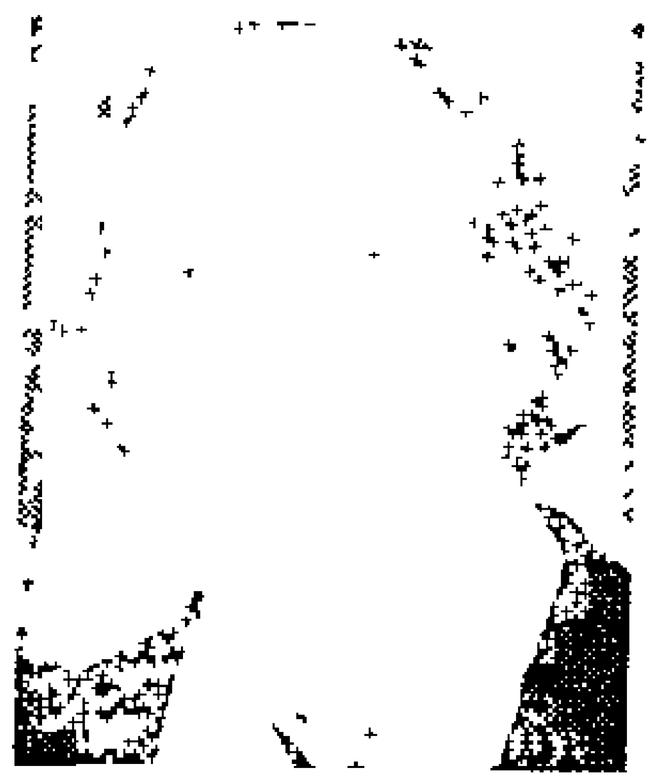
THE Paroda clothing group, placed in judicial management 11 months ago, is firmly back in the black and expects to make a R750 000 pre-tax profit this year.

Paroda Lingerie (Pty), a Cape Town manufacturer, and its direct-selling associate, It's a Pleasure (Pty), turned in a combined profit of R289 670 before tax for the half-year to June and R151 800 after tax, say the judicial managers, Mr Ralph Millman of Cape Trustees and Mr David Rennie of Syfrets Trust, in a report to creditors.

Paroda made R142 000 (R80 000 after tax) and IAP made R132 800 (R71 800 after tax).

The companies combined are projecting a profit of about R450 000 for the half-year to December and results so far indicate that these budgets should be achieved, say the judicial managers.

The group, which has always traded profitably, ran into liquidity problems a year ago.



Mr Roger Howes, managing director of Paroda.

Both companies were overstocked with goods worth almost R4-million, up R1,5-million in a year, but the stockholding was trimmed to R3,2-million by June.

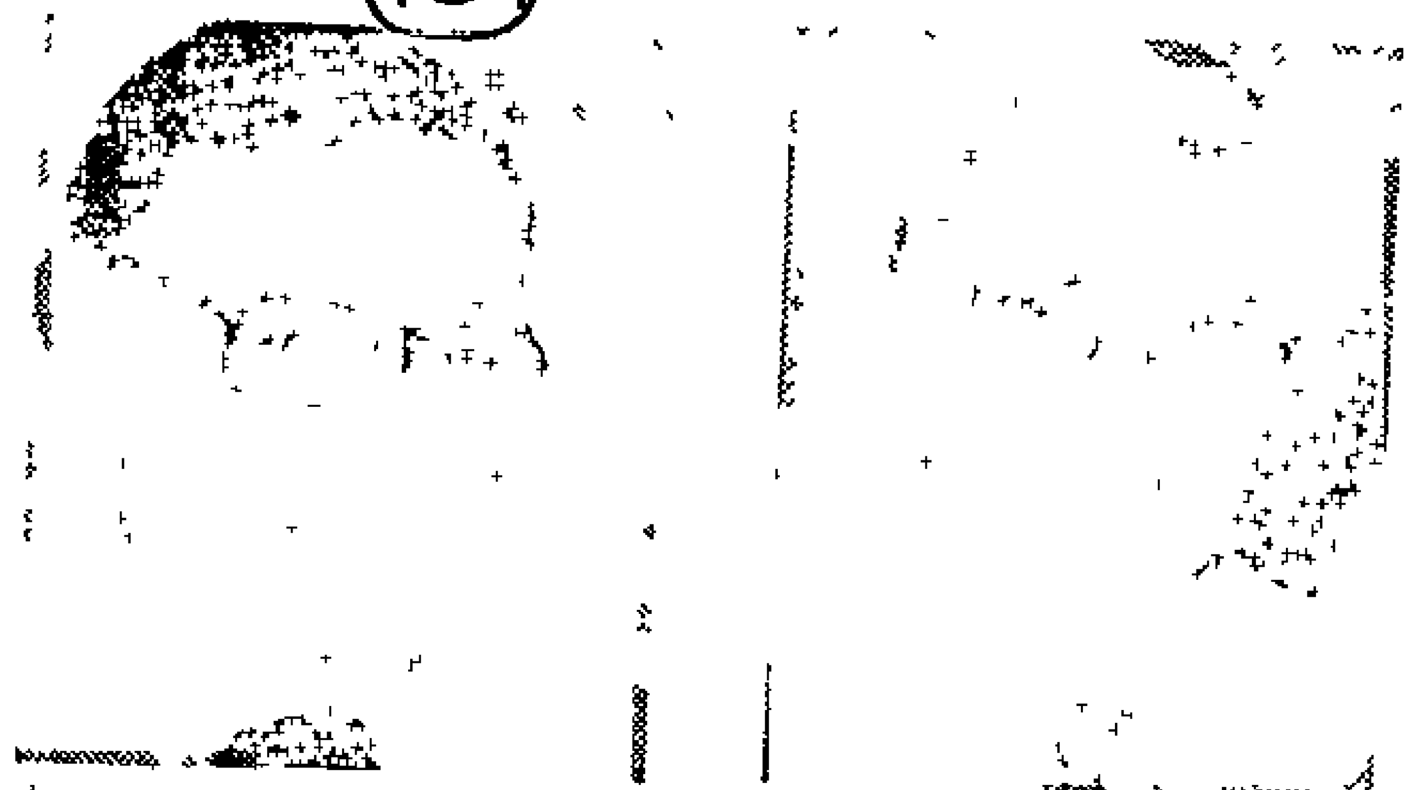
The judicial managers kept on the management and staff and they say they were found to be competent and no major changes have been made nor are any contemplated.

The financial recovery is due to the group being given time to reorganise itself.

REPAID LOAN

The group has repaid its shippers, Anglo African Shipping on its secured claim of about R1-m borrowed before the companies were placed under judicial management.

The shippers also helped out with a loan of R600 000 for working capital after the group was placed under judicial management — a loan which has since been repaid in full.



Mr Ralph Millman, left, and Mr David Rennie, judicial managers.

The judicial managers tell creditors that they believe it would not be prudent to pay dividends before knowing the results for the 1981 financial year but payment of dividends will be considered during February or March next year.

However, the group appears to have a good chance of paying the R2,3-m still owing to creditors.

Clothing unions rule against amalgamation

STAR 17/11/81

(184) ~~135~~ (138)

Labour Reporter

Two of the country's largest clothing unions have decided against amalgamation

In an as yet unreported move, the Tucsa-affiliated National Union of Clothing Workers and the Garment Workers Union decided against amalgamation at a conference held in Johannesburg late last month.

The Garment Workers Union, whose president is Dr Anna Scheepers, has about 6 000 white and coloured members, while the National Union, with general secretary Mrs Lucy Mvubelo, has about 20 000 black members.

At an earlier meeting in the year the two unions had agreed to accept amalgamation in principle but had since found it not to be feasible at present, according to an article in the "Garment Worker," a union publication

"Conference felt that now that black workers have won their rights, and achieved recognition, they should have the opportunity to exercise the rights and prove their responsibility," the article states.

The issue of amalgamation of unions in one industry has proved to be a "touchy" subject for a number of Tucsa

The issue was raised earlier this year by the two distributive unions and more recently by the two textile unions.

At Tucsa's annual conference in East London in September there was open rivalry between the textile unions as the "white and 'coloured" union was accused of trying to "poach" black textile union member.s

It was felt that the National Union of Clothing Workers was opting out of any amalgamation so that its black members could "enjoy the fruits" of being a registered union with a strong membership.

Although the National Union only allowed registered trade union status after 1979 it had been an active union for the last 20 years

High growth rate seen for textiles, clothing

ARGUS 19/11/81 ~~197~~ 184

THE growth rate for the textile and clothing industries, given the right framework, should exceed the 5,1 percent projected for the economy as a whole over the next five years.

This is the view of Mr Justin Schaffer, managing director of SA Nylon Spinners, who spoke today at the National Clothing Federation's annual convention at Sun City

He said 'I have every confidence that our industries together, through co-operation at all levels, could readily exceed these growth rates'

Although there were times when the interests of the two industries were best served by following diametrically opposed viewpoints, prospects for co-operation were good

Co operation meant seeking a common cause, looking for the things they had in common and developing them to their fullest extent

There was a great lesson in the Korean experience The Korean Government was spending hundreds of millions of dollars to boost the textile and clothing sector and achieve a 70 percent export ratio by 1986

'We do not want Government handouts Instead of subsidies we ask the Government to establish a policy of protection for our industries which would create a climate of such confidence that every one of us would be prepared to increase our investment significantly and exploit every opportunity for increasing employment within our country and increasing our export potential'

No country in the world had built up a successful export performance without having a sound and secure domestic market on which to launch an export programme

Free trade plan

MAPUTO — The governments of Mozambique and Tanzania have agreed to establish a free trade zone between the two countries, providing for a reduction of tariffs on all exports and imports, the Mozambican agency, AIM, reports

The agreement, which takes effect in January next year, could take up to 10 years to remove all tariffs — Sapa

NO AMALGAMATION (184) (~~135~~)
Two of the countries largest ~~clothing~~ unions, the Tucsa-affiliated National Union of Clothing Workers and Garment Workers Union, decide not to amalgamate after accepting amalgamation in principle earlier this year FM 20/11/81

TEXTILES (184) (197) FM 20/11/81

Crunch coming?

If attempts break down in Geneva this week to liberalise world trade in textiles it is almost certain that SA will add quantitative import controls to existing tariff protection of the domestic industry

This could be a recommendation of the 14-man committee of inquiry headed by Professor Willem Steenkamp, who has been asked by Industries and Commerce Minister Dawie de Villiers to investigate the clothing and textiles industries

Industry sources believe government has been convinced that a means of protection more effective and flexible than tariff barriers is needed to protect domestic industry from the effects of a possible collapse of the Gatt Multi-Fibre Agreement (MFA)

Ellis Meredith, president of the American Apparel Manufacturers Association, says a Bill is being held in readiness in the US Congress should attempts fail to re-negotiate the MFA

Enactment of the Bill would have the effect of holding in place the regulatory machinery which exists under the MFA to control the flow of textiles imports from developing countries

For largely political reasons, SA is not a member of the MFA The agreement is, in effect, a series of bilateral accords between developed countries and 28 developing countries whose exports to the former are not permitted to grow at more than 6% a year As SA has diplomatic ties with very few of the 28 Third World countries in the MFA, its membership of the agreement would be practically unworkable

SA clothing worker competing with the LDCs

The local clothing and textile industries maintain that SA should have a similar protection package to those in developed countries like the US, Japan and the EEC Ideally, this would comprise a scientific mix of formula duties and quantitative controls They say quotas should be expressed in units of production and not in money values

By limiting imports through the control of foreign exchange allocations, the authorities cannot protect the industry from the mass importation of dumped items

Ironically the MFA works in favour of local manufacturers It provides exporters of the low-wage LDCs with a ready market and regular 6% increments in the volume of goods that developed countries will take from them Arguably, this takes the pressure off LDC exporters to dump surplus production in the Republic, among others

Should the MFA collapse, local industry believes that SA, with its open stance on imports, would be vulnerable to desperate dumpers This need not be so In the US, where textiles protection is based primarily on the bilateral mechanisms of the MFA, sophisticated watchdog techniques sound early warning signals if clothing or cloth build-ups occur This is normally followed by a 90-day moratorium on all textile deals with the exporting country until "misunderstandings' are cleared up by negotiation

By accident rather than design, SA is one of the world's most liberal textile trading nations It has high external tariffs, but at least it does not impose volume controls on imports By attempting to regulate the expansion of textile exports of poor countries to rich countries, the MFA is anathema to the principles of liberal trade embodied in Gatt

Even the conservative Republican administration in Washington admits that, if the MFA did not exist, someone would have to invent something like it Hence a fail-safe Bill in Congress should the Geneva MFA renewal talks fall down

All this seems to suggest that, unlike cars or steel, textiles and all the components of what is known as the textile chain, is a trade discipline apart Back in 1973 it was as much concern for the healthy development of textiles industries in LDCs as for the protection of like industries in the EEC which led to the negotiation of the first MFA There must be strong doubts whether the MFA quota system has worked Clearly Britain, France and Italy do not think so or they would not have gone so close this week to wrecking renegotiation of the agreement

Perhaps the best international solution would be to stop treating clothing and textiles as a special case and to reintegrate them into the Gatt system whose ultimate goal is liberal trade between willing buyers and sellers An exporter seeking greater access for its products in a foreign market should be willing to offer increased access for products offered in return If nations wish to protect industry, they should do so by means of tariffs The extent to which tariffs are raised would be an indication of the price a country's consumers were willing to pay for such protection

The more trading nations increased the share of their markets open to imports, the more trading opportunities they would create for themselves Protectionism benefits nobody, for one set of barriers begets another in retaliation In the end, trade contracts

DECENTRALISATION

Burying Section 3

39 184 FM 20/11/81

The Environment Planning Act (formerly the Physical Planning Act) has never occupied a prominent position in the list of statutes which have inflicted hardship on SA's black people Yet in the 13 years it has been in force, government has prohibited more than 100 000 jobs — possibly far more — being created for blacks in urban areas in terms of its controversial Section 3

Government's announcement at last week's Good Hope conference that it will scrap Section 3 has therefore been welcomed by trade unions with large black memberships and managements whose companies have been crippled by the section

Section 3 is an influx control measure which limits the number of blacks employers can hire in urban areas without government permission It has meant that urban-based employers could not exceed a ratio of five blacks to every white employed, or in some cases, two blacks for every white

Indications are that, overall, it has not forced employers to decentralise to the black homelands on a large scale — presumably its intention But it has had the very obvious effect of curbing industrial expansion in urban areas, depriving the many thousands of unemployed urban blacks of secure employment

An additional cost has been the increasing tendency of employers not to decentralise, but to mechanise their operations The implementation of Section 3 has ignored basic economic realities according to some estimates, it now costs at least R10 000 to create one job in certain rural industrial growth points

"Section 3 has proved largely ineffective in relocating employment opportunities for blacks," says a Federated Chamber of Industries (FCI) spokesman "Instead it caused an industrial slowdown in the dynamic PWV region and pushed manufacturing companies onto a more labour-saving, capital-intensive growthpath "

More exemptions

Government figures released in 1976 showed that the number of potential black employees affected by refusals ot applications for the establishment and extension of factories since the Act came into force in 1968 totalled 92 645 Since 1977 government has displayed a a greater willingness to grant exemptions to Section 3, and the number of potential black employees affected by refusals appears to have dropped to about 5 000 a year

Worst affected has been the Transvaal's clothing industry, especially small companies which did not have the resources to decentralise In 1967 there were about 26 000 people employed in this industry in the province, 30 000 in the Cape and 13 000 in Natal Now, 14 years later, there are still 26 000 people legally employed in the industry in the Transvaal, but about 55 000 in the Cape and nearly 35 000 in Natal

"We have marked time where those other regions have doubled their employment " says Terence Kinnear, president of the Transvaal Clothing Manufacturers' Association

He points out that heavy fines — R10 for every day a worker is employed illegally — have made employers wary of taking on illegal labour However, a survey conducted during 1976 by the Department of Planning and the Environment showed that on September 30 1976, 221 of the 352 clothing factories in the PWV area had contravened the section Increasing use of computers has made it easier to spot offenders, yet the number of annual prosecutions, compared with the number of offenders, has not been large, according to some sources in the industry

By 1978 there were 4 000 black women employed illegally in the industry in the PWV region After numerous representations to it, government announced the following year that those who had permanent residence rights and satisfactory housing were exempted from the section's provisions

In 1978 government also gave permission for the employment, above the authorised quotas, of blacks between the ages of 16 and 20 This scheme was not a great success as some industrialists feared that the youths might be militants Other employers said they were looking for workers with an "industrial orientation" and that the employment of youngsters who might not want a long-term career in the industry was no solution

The Riekert Commission recommended in 1979 that Section 3 should be repealed and government indicated a willingness to do this, providing alternative measures were introduced to curb urban growth A Bill repealing the section was introduced last year, but then withdrawn

Government has now firmly committed itself to scrapping Section 3 But it is still intent on introducing other measures to promote decentralisation and it appears that subsidies to industrialists for city facilities such as transport will be phased out The cost of employing urban labour will thus increase, inducing employers to decentralise

Some businessmen fear that the new measures might hurt especially if they are not phased in gradually But they obviously prefer these to Section 3 which has been such a costly failure

(1824) ARGUS 29/11/87

Reynders slates clothing industry for lack of training

From Tom Hood

SUN CITY.—A large number of clothing firms are free-riders, doing little or no training and poaching on others, says Dr Hennie Reynders, chairman of the National Manpower Commission.

Only 11 out of 1 200 firms had registered for the generous tax concessions under the Manpower Training Act, he told the National Clothing Federation convention here.

Only 2 933 of the industry's total manpower of 132 000 received training under the scheme. Yet the industry needed to train 23 000 machinists a year merely to meet a 30 percent labour turnover, apart from expansion needs

The total trained represented 2 percent of total employment, 12 percent of supervisors, 7 percent of work study and training officers and 3 percent of machinists, or 10 percent of the 23 000 that left the industry every year.

'The training effort of the clothing industry lags far behind what is required

'If the support given to the clothing industry training board is indicative of the attitude of clothing manufacturers towards training, then the unsatisfactory productivity rate reported for this industry is not surprising indeed'

This was particularly serious in the management group Top management was also apathetic towards middle management training.

'There seems little doubt that top management will have to reassess its priorities.'

Dr Reynders added. 'In our economy, based on the principle of private enterprise, too much is being expected from Government in the area of training

'In any economy of this nature, the state has only a regulating and facilitating role, the major responsibility being the private sector's

'I would urge you to give the most serious attention to this matter, to live up to your confessions as proponents of private enterprise and to rely less on government to pull the chestnuts out of the fire.

OVER-PROTECTION

The chairman of the Board of Trade and Industries, Dr S J Kleu, said the textile and clothing industries should guard against the tendency to ask for over-protection if they wished to improve their export performance.

The Government was committed to supporting both industries but an excessively high cost structure might make exports impossible while a high price structure on the home market may result in complaints of dumping.

Supplement to Weekend Argus, November 21 1981

ARGUS 21/11/81 184

Pull socks up, clothing chief warns industry

By TOM HOOD

RETAILERS and clothing, textile and fibre manufacturers will all have to pull their socks up in order next year to avoid a repetition of late deliveries, bad planning, under-budgeting and late placing of orders.

So says the president of the National Clothing Federation, Mr Simon Jocum.

He told the federation's convention in Sun City this week: "The fact that a proportion of production was delivered late does not mean that the entire clothing industry is inefficient and that imports must not be controlled."

Past experience had taught manufacturers to play the 'airline game' in their booking — but there were no cancellations in 1981.

They also built in an allowance for late deliveries of up to three months based on past performance by the textile industry.

In some circumstances the goods arrived late, as planned. In others, they arrived on time.

Either way, the manufacturer had a problem. If it was not a late delivery it became a cash-flow problem because of the delivery being on time.

There was a great need for co-operation to solve the problem of timeous delivery.

Manufacturers should aim to improve productivity, efficiency and quality to ensure that South African clothing was the consumer's best buy.

Mr Tom Ball, managing director of PEP Stores, said suppliers delivered 60 percent of their goods on time in the first eight months of this year.

Another 22 percent were between two and four weeks late and 18 percent of all orders were more than a month late.

"If this is the kind of service received by the larger retailers with strong buying power, the plight of the smaller retailer can well be imagined."

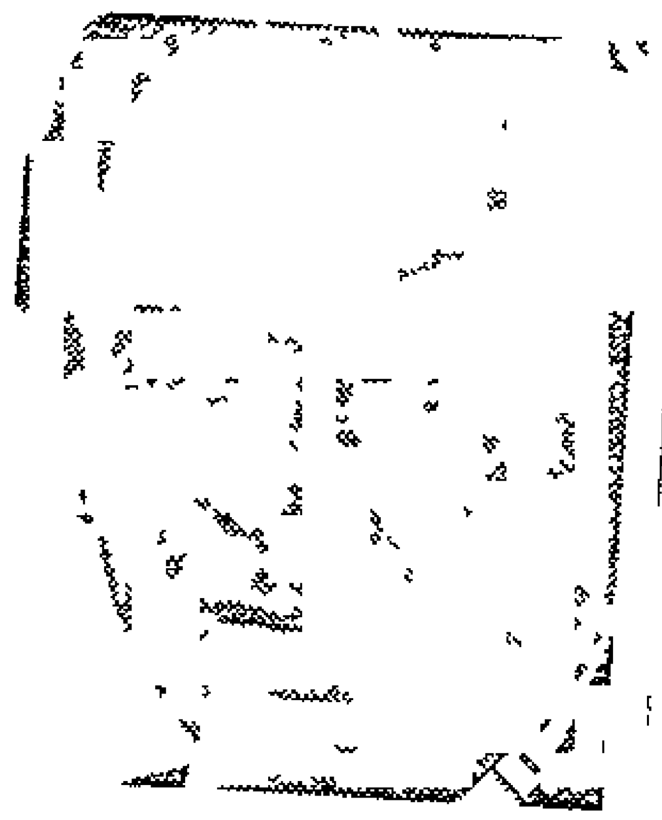
The effect of marketing and advertising campaigns could be lost at heavy cost by late deliveries.

Everyone accepted that for a stable industry some form of import control was necessary.

Clothing retailers did not have a formal body to represent them apart from Assocom and the Afrikaanse Handelsinstituut, which also represented other interests.

He suggested retailers should form such an interest group to negotiate with the Clothing Federation and the Textile Federation.

This could also help understanding between suppliers and customers and remove some of the uncertainties in planning capital investments.



MR Simon Jocum, president of the National Clothing Federation

GET RID OF NEEDLE-AND-THREAD IMAGE, CLOTHING INDUSTRY TOLD

ARGUS · 23/11/87 (184)

THE clothing industry must get rid of its needle - and -thread image if it is to recruit young people, says Mr David Susman, chairman of the Woolworths - Truworths group, one of the industry's biggest customers.

The most difficult task facing clothing manufacturers could be to persuade young men and women of potential to enter the industry, he told the National Clothing Federation convention at Sun City.

He said: 'We have much in the past to live down, specifically in wage levels and career advancement

'While some progress is being made in this sphere, few manufacturers are able to recruit enough people, even at lower skills, to meet their present requirements, let alone future requirements.

AT THE TOP

'The problem starts,' as most problems do, at the top. The image projected is one of a needle-and-thread industry with poor working and staff facilities, as well as relatively low wages

'What will obviously be called for in the next decade is a generation of fairly sophisticated and electronic orientated artisans prepared for new technological advances'

Labour turnover of 68 percent a year of weekly paid workers on the shop floor had been reported.

PERSONNEL OFFICERS

If that figure was accurate, workers who were paid from R30 to R40 could be paid another R15 to R20 because it would save the R300 to R400 spent each time a machinist was trained.

A survey of 20 Cape Town clothing makers with more than 13 000 employees, disclosed a total of 17 specific personnel officers — one for every 700 employees.

Woolworths had a ratio of 1 to 50 and its employees had presumably no greater problems than those in clothing factories

'Small wonder the industry is losing its skilled staff, let alone finding it hard to recruit new workers,' said Mr Susman

Clothing imports 'tip of iceberg' —US expert

Argus 25/11/81 ~~74~~ 184

THE level of clothing imports now worrying South African manufacturers is only the tip of the iceberg, says an American trade expert.

'We came close to hitting it in the United States,' Mr Ellis Meredith, president of the American Apparel Manufacturers' Association, said in an interview.

Mr Meredith, who has been visiting South Africa, calls himself 'a hired gun lobbyist' for the industry in the United States.

He said clothing provided jobs in South Africa for people who needed them.

'In the United States alone the current level of clothing imports is equal to 280 000 jobs — 180 000 jobs lost plus 100 000 jobs not gained because imports supplied all increased demand.'

The international multi-fibre agreement was the key to orderly marketing of clothing products world-wide and was due for renewal at the end of the year.

The United States and other European countries had clauses in their tariff laws to provide, if the MFA was not renewed, that any tariff concessions made on clothing and textiles would be increased to previous levels.

'Without the MFA, the climate for clothing production and trade in the 1980s will be very unstable at best If some importing countries reduce the flow of clothing from lesser developed countries into their markets, the exports will be forced to try to expand to other markets.

'If this occurs, the United States will not be the market of last resort In most clothing areas, the United States is willing to share its market growth with others, but we will not be put out of business.'

FM 27/11/81

TRADE UNIONS

184

Merger opposed

The failure to create a merger between the Garment Workers' Union (GWU) and the National Union of Clothing Workers (NUCW) provides an example of the difficulties involved in trying to amalgamate parallel unions

In response to legislation which prohibited multiracial unions, white unions have established "parallel" unions for black workers in their industries during the past 25 years The GWU was among those multiracial unions whose black workers were forced to resign It helped these workers to form the NUCW and the two unions have since co-operated very closely with each other The GWU now has about 6 000 white, coloured and Asian members, while the NUCW, which is led by veteran black unionist Lucey Mvubelo, has about 21 000 members

During the past two years government's granting of freedom of association to black workers has meant that racially mixed unions are now permissible Indeed, some of the main architects of the new labour dispensation are strongly in favour of a move away from unions created on racial lines

But, as the GWU has found, it is extremely difficult to bring about a merger with a sister union, even if there have been very close ties with it in the past At a meeting of the unions earlier this year, amalgamation was agreed on in principle However, the NUCW's national council has now rejected the merger

"We are naturally disappointed, because we never believed that this would happen," says Dr Anna Scheepers, GWU leader and president of the Trade Union Council of SA Tuesday

She believes that the failure to amalgamate the two unions does not bode well for similar efforts in other industries where parallel unions exist 'I believe this to be the case because if this is the attitude of people with whom we have worked with so closely for many years, what will the response of black workers be in cases where there has not been such co-operation'

Leading figures in the NUCW maintain that now that their union has been registered, they want to prove their worth and their ability to exercise their newly-granted bargaining rights

Scheepers perceives that the black unionists want to enjoy their new-found freedom, but she is disturbed about the drift away from multi-racialism. She hopes that at some time in the future an agreement to amalgamate will be reached

"But I must emphasise that we are going to carry on as before We are not enemies because we did not merge We remain friends'

Continued

The intake of cheap foreign shirts, for instance, has increased 400% in the past year A shirt landing at R2, attracting an external tariff of 50%, will still land on retailers' shelves at half the price of the cheapest shirt produced locally This applies to other basic outerwear and underwear For this reason domestic producers in the textile chain (with the obvious exception of importers) are screaming for a system of selective shut-outs

Their fears have been heightened by the highly restrictive tone the EEC negotiators have adopted in the present round of talks in Geneva where attempts are under way to roll over the Gatt multi-fibre agreement The common market seems unwilling to offer export growth rates of more than 1% to Third World suppliers, while major exporters of the developing world will get close to nil percent

SA clothing and textile companies believe that if the European position is written into the new multi-fibre agreement (MFA), huge export volumes will be diverted to the Republic at dumped rates Government seems unwilling to resort to itemised import quotas According to Board of Trade chairman, Basjan Kleu, "the indicated solution is tariff protection, which could stabilise market shares in established sectors and create opportunities for achieving a reasonable market share in areas of new development"

SA, he points out, is not a signatory to the MFA for the simple reason that there are no Gatt bindings in the SA schedule which stand in the way of effective tariff protection for clothing and textiles This is not true of the 14 major developed countries which are members of the MFA

SA's textile industry is still developing. The Republic is classified by Gatt as a developed country and would have been obliged to take certain volumes of Third World exports at little or no duty Such volumes would have had to increase annually and this would have harmed the basic sectors of the textile chain Because the textile industry is so vital to the less developed part of SA's dualistic economy, Kleu believes they should be protected

They should also improve productivity Figures published by the Department of Statistics show that from 1971-80 the total value of sales (at 1980 prices) increased from R740m to R860m, an increase in output of 16% During the same period, however, the number of workers employed rose 27% from 89 000 to 113 000 This represents a fall in the rand value of production per worker from R8 300/year to R7 600 — a drop of 8% in labour productivity over the nine-year period.

TEXTILES 184 ~~197~~

Protection plea

FM 27/11/81

SA clothing manufacturers anticipate their 15-month-old tariff application will be granted soon Thereafter, government will probably freeze all applications in the pipeline, as well as any being formulated by other sectors in the "textile chain"

Protection will be suspended for the duration of the study by a 14-man working group under Professor Willem Steenkamp (*Business*, November 20) Garment-makers will be relieved to get additional protection, which in many cases will raise the landed cost of imported clothes 50% Although clothing imports in 1981 will run to about R180m — a modest enough figure compared with the value of domestic clothing output of R1 200m for the year — there are signs of a dangerous build-up of certain imported items.

Argus 28/11/81

3 out of 10 in clothing factories

By Tom Hood (184)

CAPE TOWN now has a record number of 375 clothing factories, 43 more than a year ago.

The number of workers registered with the industrial council has soared to 59 545, up by 5 300 or almost 10 percent in 12 months. This group earns up to R600 a month.

The Cape clothing industry's total manpower is estimated to be nearer 65 000, including sales staff, managers, directors and executives earning more than R600 a month. This is more than 10 percent above the year-ago figure of 59 000.

Business is still humming with record employment levels, and in spite of an increase in training, there is still an industry-wide shortage of skilled workers.

Three industrial workers out of every 10 in the Western Cape are now in clothing factories.

HALF OF EXPORTS

The value of output could be close to R400-million and the annual wage bill R140-million, Mr Mike Getz, chairman of the Cape Clothing Manufacturers' Association, estimates.

'Our industry remains critical to the economic wellbeing of the Western Cape,' he said this week.

'It also contributes substantially to the outstanding results achieved by retailers of apparel throughout South Africa.'

Half of the country's exports are sent from the Western Cape, though this is probably only about 5 percent of output.

The export market was the only one to suffer a setback this year, and Mr Getz attributes this to two main reasons:

- 'Major overseas countries were in recession, causing fiercely competitive conditions as Far East suppliers fought to maintain a market share.
- Export incentives gazetted on October 31, 1980 could not be used for almost a year.

Although watered-down recommendations of the Van Huyssteen and Reynders committees, these incentives were nullified by the Board of Trade.

PROTESTS MADE

Protests had to be made by the association, the National Clothing Federation and the Federated Chamber of Industries before the long-delayed incentives could be used.

'Manufacturers will have to commit themselves more seriously to export both as a broadening of the market base and to recognise that its promotion is a national strategy,' Mr Getz said.

'The Government has made some if not totally adequate progress towards meaningful incentives. We need to be far more serious on exports.'

It was also vital that the textile industry assumed its proper role and responsibilities towards garment exports.

Lean times and other difficulties blocked the meaningful export of clothing based on substantially imported fabrics.

'The textile industry must now equip itself to develop and offer suitable fabric for overseas markets. Our export thrust will have little credibility unless it is substantially based on such domestically produced fabrics.'

Holiday cash fillip for clothing and building workers

CAPE TIMES 5/12/81 (84) (83)

By ALEX PETERSEN

WORKERS in two major industrial sectors in the Western ~~Cape~~, clothing and building, will add a hefty dollop to the cash flow into Christmas tills later this month when they receive their seasonal holiday pay, which combined will amount to nearly R17m.

Western Cape clothing workers will be receiving a holiday pay packets totalling collectively just over R11m

The holiday pay, averaging something over R180 a worker, is given to those 60 000 workers in the industry paid on a weekly basis — another 5 000 employees are on a monthly salary basis

At roughly the same time the region's 38 000 building workers will get holiday cheques totalling R6,47m — a healthy increase over the R3,92m paid out last year

The increase reflects not only wage increases in the building industry, but also an increase of 6 000 workers employed in the sector

For both sectors the size of the holiday cheque is tied to wage increases recently negotiated in both industries

Clothing workers will see pay hikes of 8% as from the start of the new year, with a further roughly equivalent percentage increase due in July

Building workers' increases which are a straight increase for the year, are between 15 and 16 percent for labourers, bringing their minimum wage level to R1 an hour, while for artisans the increase has been 12,4% making the minimum wage R2,78 an hour, although a spokesman for the Industrial Council commented that demand for skilled labour was such that good artisans could earn up to R5 or R6 an hour

For clothing workers as well the total amount in the holiday pay packets is, in fact, likely to be larger, since a number of factories pay holiday "bonuses" well over the negotiated amount

A number of clothing concerns contacted by Business Report said the additional bonus along with incentive bonuses, had an important, positive effect on staff morale and productivity

One factory manager commented "With the high demand we have had in the industry, good staff have been valuable, and its important to keep them happy"

Increased demand has led to expansion in the industry

The chairman of the Western Cape Clothing Manufacturers, Mr Mike Getz, said recently that in the last year employment in the industry had risen over 10% from 59 000 to 65 000, with the wage and salary bill for 1981 about R140mn

The increased level of employment, at a time when the European and American clothing industries have been cutting back, followed a period of about four or five years when the level remained static and in some years actually declined

Whether the numbers will remain at their same high level in 1982 is a matter of concern to many people in the industry, and will depend on how much tighter business conditions become next year, as well as the ability of the industry to move into the export market on a far larger scale

For the building industry, despite the current flattening in the growth curve, there is still a high level of work on hand, and comments from within the industry suggest that employment will be kept at present levels until at least September

Paradoxically, in spite of the present high level of employment in the building industry, it is still well below the level of 1973, suggesting that workers lost to other sectors are reluctant to return to the industry

In order to counteract this, the recent wage negotiations included proportionately much bigger increases in various benefits to make the industry more attractive

One such benefit included a new sick pay scheme whereby workers may receive sick pay benefits for up to six months

Also included are various other parameters such as the date of element creation and the current relative location of the element on mass storage. These parameters are provided and maintained by the system.

The elements contained within a program file are of the following three types:

a. Source element (Symbolic) - Multiple updated copies of this same ELTNAME/VERSION may be maintained by C-cycle

b) Relocatable binary element (RB) - C-cycle is not available

Berkshire among top 100 SA companies

Daily Disp 15/12/81 (EP) 184

By TOM LOUW
Business Editor

EAST LONDON — Berkshire International SA Ltd, the East London-based hosiery, clothing and knitwear manufacturer, has been placed in the Top Hundred companies, as selected by the Sunday Times

Selection is based on growth in earnings per share, and Berkshire, the only company from the area to figure, was placed 75th with a growth of 29,2 per cent

The managing director, Mr Mike Strong, recalled today that Berkshire last figured in the list in 1971 and 1972 He explained that there was a bad period for the hosiery industry in the middle seventies and Berkshire's growth in profitability since then has been largely thanks to a broadening and diversification in the base of its operations

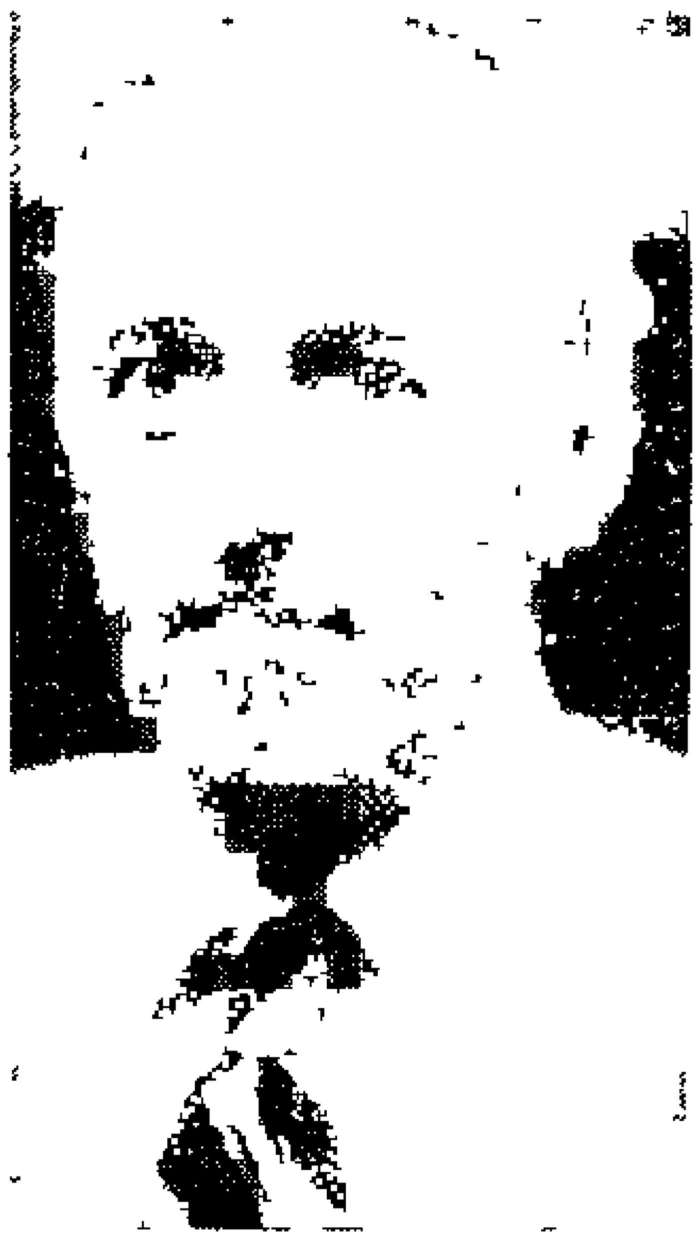
In particular, it has made a very successful expansion into clothing manufacture

Mr Strong said that Berkshire has grown to the stage of employing just on 1 000 people — which makes it one of the bigger employers of labour in East London

Because of the nature of the work, most of the people employed are women From the beginning the company realised that it would have to work with totally untrained labour and so it established its own training school

"Today I can say that our staff are as good as you'll get," said Mr Strong, "and we are also fortunate enough to have a very low labour turnover"

He praised the work force at Berkshire "Our increase in earnings has been achieved through careful administration, a careful watch on costs and a study of the market, and above all through teamwork The company's achievement has come about because the people have pulled their weight," he said



MR STRONG .. praise for the work force.

THE EXPERT TOUCH garments being machined at Berkshire

PEP/IL BACK F.M. 18/12/81

Minorities' dilemma

(184) ~~(232)~~

Minority shareholders who were pinning their hopes in Pep Stores' ability to return lossmaker IL Back to profitability, following the acquisition of Rembrandt's 97% holding in that company, had the wind taken out of their sales on Tuesday morning Pep announced that it is to strip out Back's assets in a takeover of the company's clothing manufacturing and marketing operations, leaving Back a shell with R6,2m cash as its only asset

Since Pep bought control of the company for R5,4m in August, Back's share price has risen steadily to a current level of 45c But that hardly compares with the net worth of the company which will increase from 4,1c to 5,8c a share The shell is, however, expected to be sold at a capital profit to a bidder wishing to achieve a "backdoor" listing through a reverse takeover

Pep's directors say the 7c a share offer made to minorities after the takeover from Rembrandt still stands, although the offer could have been pitched at only 5,8c a share, based on the purchase price paid to Rembrandt Chairman Christo Wiese says that the interest earned on Back's cash assets will have an "immediate positive effect" on the company's earnings and shareholders can therefore look forward to a dividend after the restructuring takes place

Even so, Back minorities are faced with a difficult dilemma. Whether to stay aboard (and collect a modest dividend) in the hope that the new owners can improve the company's earnings, or whether to bale out at the first sign of a decent offer for the shell What is certain, however, is that those who bought into the company at recent price levels, are hardly likely to be tempted by Pep's 7c offer for their shares

While it can be expected that the Back shell will probably fetch a substantial premium, it seems unlikely that any bid would be higher than 15c a share The share has not traded for some time, with sellers offering stock at 30c and buyers offering only 15c

Wiese says Senbank — which put together the deal — has several potential buyers lined up and that the interests of minority shareholders will be "borne in mind" in considering any offers In addition, Pep's directors say they may consider retaining a minority interest but the controlling interest in Back will definitely be sold "Price will not be the only consideration in accepting an offer," says Wiese

IL Back's results for the six months to September 25 show a reduction in the net loss incurred to R317 000 against almost R1,5m for the corresponding period the previous year. The directors say this is due to the efforts of Pep's management and the impact of the favourable economic climate on the clothing industry Wiese is confident that Back's subsidiaries will return to profitability "within the next year or two" and says the process will probably be accelerated by the restructuring

The rationalisation could have overall benefits for Pep, particularly since spare capacity in the Back subsidiaries can now be turned over to Pep Nevertheless, Wiese stresses his intention to continue running Back as a separate operation The subsidiaries will continue to market their products through independent retailers, thus avoiding possible conflicts of interest In addition, the disposal of Back does not change Pep's own plans to increase manufacturing capacity

Thus while Pep shareholders can probably look forward to improved prospects, possibly the best advice for Back's minorities is to wait and see [illegible]

MANUFACTURING - Clothing

1982

JAN. — DEC.

E. Post (184) ~~(105)~~ 28/1/82 3

New EL clothing factory

EAST LONDON — A new clothing factory, which will initially create 450 jobs, is being built at Fort Jackson near Mdantsane The first phase of the big, new development will cost R2,9 million

A Ciskeian National Development Corporation spokesman said it was hoped the company, Thrustor Manufacturing Industries, would eventually employ 600 workers.

Women were already in training at the Manpower Development Centre as machine operators for the factory, due to be completed towards the end of March, he said

Articles to be produced, ranging from overalls to protective clothing, will start soon afterwards — Sapa

R2,3m clothing factory for Ciskei

28/1/82

D. Dispatch (184)

EAST LONDON — A new R2,3 million clothing factory is being built at Fort Jackson and is expected to be completed by the end of May.

In a statement, the building contractors for the factory, LTA Construction (Ciskei), said the total area of the factory, offices, ablution and changing room would be 6 000 square metres.

The new factory, called Thrustor Clothing, is being partly developed by the Ciskei National Development Corporation (CNDC) and LTA will hand over the factory in stages

The General Manager of the CNDC, Mr Frans Meisenholl, said he was unable to provide further details of the project as all public statements had to be jointly released by the CNDC and Thrustor Clothing. — DDC.

R50 advert puts pressure on bosses

Up goes pay in clothing factories

(184) Herald 30/1/82

By [illegible]

MORE than a thousand machinists at three Lansdowne clothing factories have had their basic wages increased after showing their bosses a Cape Herald advertisement in which another Lansdowne factory offered machinists a minimum of R50 — R10 more than the wage negotiated by the union only last month.

This new wage is also more than the R42,80 basic wage which is due to take effect from June.

A worker at Bibette said they saw an advertisement in Cape Herald where a firm was offering R50 basic wage to machinists.

'We decided to take the advertisement to our manager and told him we were dissatisfied with what we were earning. The management and supervisors then got together and later told us our wages would be increased from R40 to R51,50.

ACTION

The worker, who did not want to be named, said 'We could not wait for the union's agreement and decided to take action ourselves.'

The new wage applied to Bibette, Flamingo Fashions and Heating Services.

The managing director of Bibette, Mr Kenneth Weiner denied the decision to increase the wages was taken because of pressure from the workers.

LEADERS

'We are always trying to be leaders in our field. That is why we try to give our workers the best wages. We saw that people were generally paying their workers between R48 and R50 basic wage and decided to better on that,' he said.

He said the decision to increase the wages was taken by management in conjunction with the shop stewards.

However, Mr C E Petersen, the assistant secretary of the Garment Workers' Union, said on Monday they were not part of the decision.

BOUND

'It is up to employers to pay what they feel is right. No employer is bound by the agreement. We negotiate a basic wage for the whole industry. It is up to the individual to negotiate further.'

He said he was happy about the increases.

'It would strengthen our case when we negotiate again at the end of the year,' he said.

Fort Jackson clothing factory to cost R6m

~~105~~ 184 D. Dispatch 28/1/82

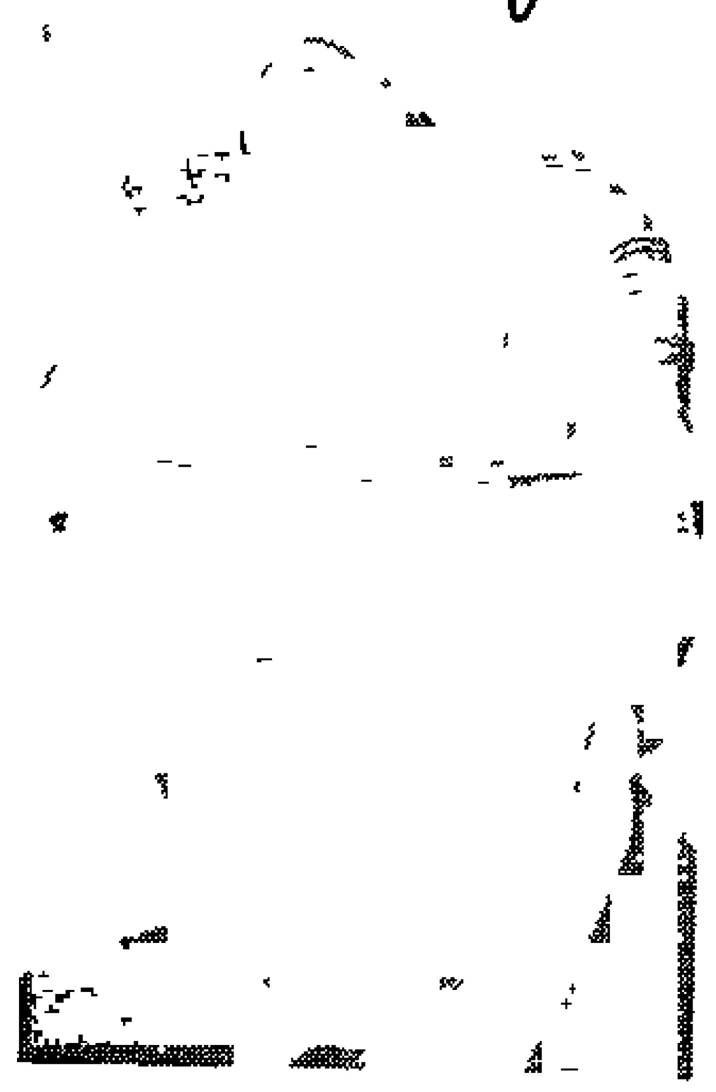
EAST LONDON — The Ciskeian National Development Corporation (CNDC) released details yesterday of the new clothing factory planned for Fort Jackson near Mdantsane, which will ultimately provide jobs for 600 people

Partly developed by the CNDC and LTA Construction, Thrustor Manufacturing Industries (Pty) Ltd will mean total investment of about R6 million when completed, according to a statement issued by CNDC yesterday

The factory is to be built in two stages — the first costing R2,9 million — and should be completed by the end of March Production of a full range of protective clothing is expected to start shortly afterwards

"A new low investment of just less than R8 000 per job created has been achieved at Thrustor, as opposed to the normal R10 000 to R15 000," the statement read.

"A number of Ciskeian women are already being trained as machine operators for the factory using the facilities of the Manpower Development Centre"



MR MEISENHOLL

Mr F S Meisenholl, managing director of CNDC, said a large number of inquiries had been received from industrialists and potential investors in the clothing industry

Together with existing clothing concerns in Ciskei, he said, it was apparent that the industry was taking on a considerable role in Ciskei's economic development The clothing industry, especially at production level, was also labour intensive and therefore ideally suited to Ciskei — DDR

ADONIS (184) FM 29/1/82

Progress continues

Activities: *Produces men's and children's knitwear The directors of the company hold 13,3% of the equity*

Chairman and managing director· *J Bencen.*

Capital structure: *3,3m ordinaries of 50c Market capitalisation· R2,3m*

Financial· *Year to September 30 1981 Borrowings long- and medium-term, Nil, Net cash R204 531 Debt equity ratio 17,5% Current ratio 1,6 Group cash flow R777 504 Capital commitments R110 000*

Share market· *Price 70c (1981-82 high 80c, low, 40c, trading volume last quarter, 47 000 shares) Yields 23,9% on earnings, 11,4% on dividend Cover 2,1 PE ratio 4,2*

	'78	'79	'80	81
Return on cap (%)	8 9	25 6	26 2	34 9
Turnover (Index)*	104	128	145	191
Pre-tax profit (R 000)	112	471	565	894
Earnings (c)	1 7	8 6	10 6	16 6
Dividends (c)	1	4	5	8
Net asset value (c)	48	53	59	68

* 1973 = 100

The results of Adonis for the year to end-September reflect the increasingly solid performance of the group since the economic recession in the mid-Seventies, when difficult trading conditions in the highly competitive clothing industry led to the group passing dividends for two years

Last year's earnings were a record 16,6c (10,6c) and with order books for the 1982 winter at an all-time high, and unit sales already up 15% on the 1981 season further improvements seem likely despite the current downturn in the economy

In addition to a 31,5% increase in turnover, better margins were achieved, evidenced by the 58% improvement in pre-tax profit This also led to a substantially higher gross return on total capital employed of 34,9% (26,2%)

Although raw material stocks have increased from R780 000 to R1,1m to cater for the increased demand expected this year, short-term borrowings are still covered by cash holdings — the group's net cash position is sound at R205 000 With capital commitments for new plant at only R110 000, Adonis would be well-placed to expand its activities if it wanted to But with the downturn in the economy, the chances are that it will continue to stick to its policy of modernising plant to create greater efficiency in production

More important than economic conditions for earnings, however, is the weather A mild winter, for example, could have a marked effect on sales which would put pressure on trading margins

The group is fortunate, though, in that it produces for a fairly stable and growing market The bulk of its output is upmarket, with labels like Dino Milano, Christian Dior, Henry Ballantyne and Sir Walter Scott Demand in this segment tends to be fairly constant, thus insulating the company to some extent from the sharp fluctuations at the bottom end of the market

But Adonis is now also starting a concerted drive into the quality clothes conscious black market which has huge growth potential In addition, it has substantial government and other contracts, and is making greater inroads into the schoolwear market This could be a useful buffer, even in the event of unfavourable weather

If the present rate of sales growth is maintained for the rest of the year, and assuming some further improvement in margins, earnings should rise to at least 20c a share — a 20% improvement on last year's 16,6c With the strong liquidity position, there is no reason to expect any change to the present liberal dividend policy and, accordingly, a payout of 10c could be expected The prospective yield of 14,3% at the current 70c is generous, but the share has the drawback of limited marketability

2 Wysig die kolom onder die opskrif "R" teenoor die ondervermelde items tot die volgende

Bladsy	*Item*	R
13	8269	6,25+L
13	8271	6,25+L
15	8572	64,05+L
23	8615	98,45+L

3 Wysig die kodenommer "9279" op bladsy 21 om te lees "8279" en wysig die kodenommer "9098" op bladsye 20 en 28 om te lees "9089"

(29 Januarie 1982)

KENNISGEWING 66 VAN 1982

NYWERHEIDSWESE, HANDEL EN TOERISME

KOMITEE VAN ONDERSOEK NA DIE TEKSTIEL- EN DIE KLERASIEBEDRYFSTAK

Hierby word vir algemene inligting bekend gemaak dat die Komitee wat deur die Minister van Nywerheidswese, Handel en Toerisme aangestel is om die tekstiel- en die klerasiebedryfstak te ondersoek en verslag en aanbevelings te doen oor—

(a) die ontwikkelingspeil en die struktuur van die bedryfstakke, insluitende die mate van binnelandse mededinging,

(b) die ontwikkelingspotensieel binne die raamwerk van 'n gesonde ekonomie met die oog op veral werkverskaffing,

(c) die mededingingsvermoe van die bedryfstakke teenoor buitelandse konkurrensie en die behoefte, al dan nie, aan beskerming met inagneming van die landsbelang,

(d) die aangewese metode van beskerming,

(e) die stand van die produktiwiteit in die bedryfstakke en die moontlike maatreels ter bevordering van hul produktiwiteit, en

(f) enige ander aspek wat die Komitee, met die goedkeuring van die Minister, nodig vind om te ondersoek en verslag oor te doen,

alle belanghebbendes versoek om binne ses weke na die publikasie van hierdie kennisgewing hul vertoe in hierdie verband te rig tot—

Die Sekretaris,
Komitee van Ondersoek na die Tekstiel- en die Klerasiebedryfstak,
Privaatsak X342,
Pretoria,
0001

(Verwysing TK6/3/2)

(29 Januarie 1982)

2 Amend the column under the heading "R" opposite the undernoted items to read as follows

Page	*Item*	R
13	8269	6,25+L
13	8271	6,25+L
15	8572	64,05+L
23	8615	98,45+L

3 Amend the code number "9279" on page 21 to read "8279" and amend the code number "9098" on pages 20 and 28 to read "9089"

(29 January 1982)

NOTICE 66 OF 1982

INDUSTRIES, COMMERCE AND TOURISM

COMMITTEE OF INQUIRY INTO THE TEXTILE AND CLOTHING INDUSTRIES

It is hereby notified for general information that the Committee appointed by the Minister of Industries, Commerce and Tourism to inquire into the Textile and Clothing Industries and to report and make recommendations—

(a) the level of development and structure of the industries, including the extent of local competition,

(b) the development potential within the framework of a healthy economy, particularly with a view to the provision of employment,

(c) the competitive ability of the industries in relation to foreign competition and whether there is a need for protection or not, regard being had to the country's interests,

(d) the appropriate method of protection,

(e) the productivity of the industries and possible measures to enhance their productivity, and

(f) any other aspect which the Committee, with the approval of the Minister, may find it necessary to investigate and report on,

invites all interested parties to submit representations in this connection to—

The Secretary,
Committee of Inquiry into the Textile and Clothing Industries,
Private Bag X342,
Pretoria,
0001

(Reference TK6/3/2)

(29 January 1982)

b) The experiences were the direct result of using the drug.

c) One user reports a period of absolute terror before a mystic experience occurred.

d) The drug leads to illusionary states.

e) The drug can cause a user to behave in a dangerous fashion.

f) A student slashed his wrists while on an LSD trip and bled to death.

g) A young man believed he could physically stop a moving car.

h) The young man stepped in front of the car and was killed.

i) A five-year-old girl swallowed a sugar cube.

j) The sugar cube was impregnated with LSD.

k) The girl spent five days in hospital.

l) A graduate student killed his mother-in-law with a kitchen knife.

...er the influence of LSD.

... stories are statistically rare.

3.7. ...t paragraph of the following statements. ...m in logical order. Second, give them a ... and link them smoothly with ...ording of ...rmation

...mpetency

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Clothing factories mushroom in city

SEVEN new clothing factories have opened in Cape Town since the industry resumed work last month after the holidays.

The Argus 13/2/82 (184)

This means 30 factories have been started in less than 12 months and brings the industry's total to 380 in the Cape

Most of the newcomers were started by small firms and individuals and the number of new jobs created is not known.

"The important thing is that new factories are opening and business is still booming industry-wide," said a director of a large manufacturing group

The number of manufacturers has now jumped by almost 100 in the past 10 years and by 50 in the past two years.

By Tom Hood

Almost every factory has vacancies for skilled workers or learners and to cope with orders overtime is being worked everywhere — sometimes involving a longer day or working on Saturday mornings and afternoons.

The work force, which stood at 59 500 before the year-end holidays and dropped to 57 800 after factories reopened last month, is expected to rise again to more than 59 000 by the end of the month.

RECRUITMENT

Traditionally, hundreds of workers, planning to leave their jobs wait until they get their year-end bonuses.

But, heavy recruitment efforts are being made by manufacturers, including advertising, special perks, radio commercials and 'knock-and-drop' leaflets delivered to hundreds of houses in coloured suburbs

The Garment Workers' Union says many workers are coming back to the industry because of the wage increase in December and prospect of another rise in July.

The union forecast is that employment will top 60 000 in the next month or so because most manufacturers have full order books

Solution to GL5 (Cont'd)

(2) Premiums Treated as an Asset - Cont'd:

Year 02 - same as year 01

03, Jan 1:	Life Policy	300	
	Bank		300
Dec 31:	Income Statement	60	
	Life Policy		60
	Policy written down to surrender value (See Note 1 below)		
04, Jan 1:	Life Policy	300	
	Bank		300
Jan 2:	Debtor (Insurance Company)	24 000	
	Life Policy		540
	Income from Life Policy		23 460
	being accrual of proceeds receivable		
Jan 2:	Income from Life Policy	23 460	
	Income Statement		23 460
	being closing entry		
Jan 31:	Bank	24 000	
	Debtor		24 000
	being receipt of proceeds		

Note 1:

At the end of year 03, the life policy would be reflected on the partnership balance sheet as a non-current asset at its surrender value of R240.

Note 2:

The death of a partner automatically dissolves the partnership as legal and accounting entities. For this reason a partnership income statement would have to be drawn up for the period up to the date of death of the partner so as to ascertain the correct balance on his capital account. The proceeds from the life policy would be shown as income in this income statement and NOT credited direct to the partners' capital accounts.

RDM 24/3/82

Strikes worry 2 unions

By STEVEN FRIEDMAN

CLOTHING employers in Johannesburg have been hit by three wage strikes in recent weeks — a fact which is worrying the two unions affiliated to the Trade Union Council of SA, to which the workers belong

They have warned workers not to try to win increases greater than those the two unions are to negotiate with employers

The unions, the Garment Workers' Union and the National Union of Clothing Workers, say the strikes have put them "in a difficult position" because they are about to negotiate a new wage agreement with employers

The strikes — at Jays, Lovable and Ram Sam Clothing — are discussed in an editorial in Saamtrek, the official journal of the two unions

The editorial warns workers that it is illegal to strike and adds "By doing so you do put yourself and the union in a difficult position

"Above all, workers must not think they can strike and negotiate their own increase over and above the union increase"

~~152~~ 185 184

ACCOUNTING A

SOLUTION TO: GL5

(1) Premiums Treated as Business Expense

01, Jan 1:	Insurance Expense	300	
	Bank		300
	being payment of premium		
Dec 31:	Income Statement	300	
	Insurance Expense		300
	being closing entry		

Years 02 and 03 - same as 01

04, Jan 1:	Insurance Expense	300	
	Bank		300
Jan 2:	Debtor (Insurance Company)	24 000	
	Income from Life Policy		24 000
	being accrual of proceeds receivable		
Jan 2:	Income from Life Policy	24 000	
	Income Statement		24 000
	being closing entry		
Jan 2:	Income Statement	300	
	Insurance Expense		300
	being closing entry		
Jan 31:	Bank	24 000	
	Debtor (Insurance Company)		24 000
	being receipt of proceeds		

(2) Premiu

01, J

Dec 3

300

300

right are Braden Etter and Gregory Inggs from St Stithian's
● Picture by Philip Littleton.

185 Star 24/2/82 184

Don't strike now, union urges

Labour Reporter

The Tucsa-affiliated Garment Workers' Union has warned its members in the clothing industry not to resort to labour unrest which could jeopardise upcoming wage talks

In an editorial in the union's weekly paper, workers are warned against taking "things into their own hands" Strikes are illegal and put workers and the union in a difficult position

"The unions are about to negotiate a new wage agreement which will of course cover all factories Until then workers should not do anything to disrupt the industry and undermine their own case," the editorial states

Three recent disputes in the Transvaal are referred to in the editorial These were at Jays, Lovable and Ram Sam Clothing

Far East threat to SA clothing

74
184
HOH 26/2/82

HUGE imports of clothing from the Far East are threatening the South African clothing industry, says **Mr Hugh Yorke-Mitchell, president of the National Clothing Federation of South Africa.**

"We employ 250 000 people — yet goods are being shipped to South Africa at prices below the cost of the cloth we buy Our livelihood is threatened'

The Government has responded by appointing the Steenkamp Committee of inquiry into the textile and clothing industries, but it is only expected to report late this year.

Mr Yorke-Mitchell said that in 1980 1 600 000 shirts were imported at a landed cost of R2,10 each, and in the first five months of last year 1 100 000 shirts at a cost of R2,27 were imported

Although the South African clothing industry was highly competitive it could not hope to match these prices and the jobs of many workers were at stake

The federation favoured a continuation of the present system of quantitative import barriers and tarrifs, but it believed that the Government wished for political reasons to abolish import barriers and have only tariffs.

Imports permits were still being issued freely in spite of the fall in SA's foreign reserves and the deficit on the current account of the balance of payments

The 10% import surcharge was not expected to have a great effect on clothing imports as retailers were selling them at a handsome profit.

Another aspect causing the industry concern was the fate of the trade agreement with Zimbabwe

"The clothing industry was sacrificed in the interest of propping up the Rhodesian economy through the 1964 trade agreement and we hope that any new agreement will be more equitable and that the Government will consult industry"

Manufacturers could not afford to price their goods — they had to be costed exactly because the competition was so fierce

One of the possibilities now being explored by the federation was to export clothing. A trade mission was suggested as well as a sponsored visit by foreign buyers to South Africa

Other points

- The industry will spend more than R1 000 000 on training this year
- The 1981 national clothing convention was a great sucess and will be followed by another in 1983
- The industry is concerned at the growing economic power of clothing retailers and the recent spate of takeovers

ACCOUNTING A

SOLUTION TO: GL5

(1) Premiums Treated as Business Expense

01, Jan 1:	Insurance Expense	300	
	Bank		300
	being payment of premium		
Dec 31:	Income Statement	300	
	Insurance Expense		300

(184)

Far East clothing imports 'threaten S A's industry'

Mercury 24/2/82

Financial Editor

VAST imports of clothing from the Far East are threatening the South African clothing industry, Mr Hugh Yorke-Mitchell, president of the National Clothing Federation of South Africa, said yesterday.

'We employ 250 000 people and yet goods are being shipped to South Africa at prices below the cost of the cloth we buy Our livelihood is being threatened'

The Government has responded to the situation by appointing the Steenkamp Committee of Inquiry into the Textile and Clothing Industries, but it is only expected to report late this year

Jobs at stake

Mr Yorke-Mitchell said that in 1980, 1 600 000 shirts were imported at a landed cost of R2,10 each. In the first five months of last year, 1 100 000 shirts at a cost of R2,27 were imported

He said that while the South African clothing industry was highly competitive it could not hope to match these prices and the jobs of many workers were at stake.

The federation favoured a continuation of the present system of quantitative import barriers and tariffs, but they understood that the Government wished, for political reasons, to abolish import barriers and have only tariffs

Imports permits were still being issued freely, despite the fall in the foreign reserves and the deficit on the current account of the balance of payments.

MR Yorke-Mitchell

The 10 percent import surcharge was not expected to have a great effect on clothing imports as retailers were selling the imported clothes at a handsome profit

Another aspect causing the industry concern was the fate of the trade agreement with Zimbabwe

'The clothing industry was sacrificed in the interest of propping up the Rhodesian economy through the 1964 trade agreement and we hope that any new agreement will be more equitable and that government will consult with industry.'

Costing

Mr Yorke-Mitchell said that manufacturers could not afford to 'price' their goods — they had to be costed exactly because the competition was so fierce

One of the possibilities now being explored by the federation was to export clothing A trade mission was being mooted, as well as a sponsored visit by foreign buyers to South Africa.

Other points he made:

- The industry will spend more than R1 000 000 on training this year.
- The 1981 National Clothing Convention was a great success and will be followed by another in 1983
- The industry is concerned at the growing economic power of clothing retailers and the recent spate of take-overs

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Solution t

(2) Premiums

Year 02 -

03, Jan 1 — 300

Dec 31: — 60 — 60

lue

04, Jan 1 — 300 — 300

Jan 2: — 24 000 — 540 — 23 460

e

Jan 2: — 23 460 — 23 460

Jan 31: — 24 000 — 24 000

Note 1:

At the end of … lected on the partnership balance sheet … er value of R240.

Note 2:

The death of a … partnership as legal and accounting enti… income statement would have to be drawn up … h of the partner so as to ascertain the c… . The proceeds from the life policy would be … ment and NOT credited direct to the partners

More rag trade workers join in pay disputes

~~155~~ ~~182~~ 184

Star 3/3/82

By Drew Forrest

The labour unrest which has swept the Transvaal clothing industry escalated this week as more than 300 workers in two Johannesburg factries downed tools.

Wage demands have sparked at least nine brief strikes in the industry since the beginning of February, involving some 1 500 workers

Officials of the National Union of Clothing Workers say the root cause is that many employers are clinging to the minimum wage rates laid down by the industrial council agreement negotiated three years ago.

APPEAL

A new agreement is to be negotiated next month and will take effect in July. Registered clothing unions have appealed to workers not to take things into their own hands in the interim.

About 200 workers in one section of Adonis Knitwear in Fordsburg went back to work yesterday after striking over wages on Monday. A mangement spokesman said the basic wage of most workers was R33 a week.

The NUCW acting general secretary, Mrs Sarah Chicha, said management had agreed in negotiations to pay a R3 a week increase.

And at Remarque Wear in New Doornfontein more than 100 workers struck yesterday. An official of the NUCW said the strike was started by the dismissal of a shop steward who had forwarded wage demands.

The workers went back shortly afterwards, he said, after management had offered a R2 weekly wage increase and the steward's reinstatement.

STRIKE ENDS

The strike by about 120 workers at the State-owned SA Abattoir Corporation in Krugersdorp is over, according to the Food, Beverage and Allied Workers' Union.

The workers struck on Monday in protest against the dismissal of two colleagues, the union said, but went back yesterday after management assurances that no further workers would be fired.

Thrustor takes overall look at Ciskei

(105) (184) Industrial Week 9/3/82

ERECTION of the first phase of a new clothing factory, costing R2,9-million, is underway at Fort Jackson in Ciskei for Thrustor Manufacturing Industries

It is being constructed by the Ciskei National Development Corporation and LTA Construction (Ciskei) A second phase is planned representing a total investment of R6-million and will finally employ 600 Ciskeians, says Frans Meisenholl, managing director of the CNDC

Thrustor Manufacturing Industries expects to employ about 450 people upon completion of the first phase, and will be manufacturing sophisticated protective clothing and overalls

"A new low investment of just under R8 000 per job opportunity created, as opposed to the normal R10 000 to R15 000, has been created by Thrustor," says Meisenholl

Ciskeian women are already being trained as machine operators for the factory, using the facilities of the Manpower Development Centre.

Meisenholl says a large number of enquiries from industrialists and potential investors in Ciskei's clothing industry in conjunction with existing clothing concerns are being received

LABOUR

(184) Star 10/3/82

More unrest in the Transvaal clothing trade

By Drew Forrest

The president of the Garment Workers' Union, Dr Anna Scheepers, has again called on workers in the troubled Transvaal clothing industry to hold back from striking over wages.

Her appeal follows the eruption of labour unrest at two more Johannesburg clothing factories — H J Henochsberg and SA Weatherwear Manufacturers — bringing to at least 11 the number of clothing workers' strikes in recent weeks

At Henochsberg staff sources report that management has granted a R3 weekly wage increase after the brief stoppage by close to 500 workers on Monday

And about 140 coloured and African workers at SA Weatherwear in Mayfair are reported to have struck yesterday for an unspecified increase

Dr Scheepers called on workers "to give the unions a chance to do what they can" in the industrial council negotiations, scheduled for the end of the month

Stressing that workers "could not come out on their present wages," she criticised the employers for refusing a union request for talks in February with a view to advancing the new wage agreement to April 1 The current agreement expires at the end of June

She reiterated that the unions would not allow increases granted now to be offset against awards in the new industrial agreement.

Dr Scheepers also took issue with a circular recently issued by the Transvaal Clothing Manufacturers' Association (TCMA) which allegedly advised member companies to deal with unrest without invoking union help

The TCMA could not be reached for comment yesterday

(184) Hansard Q 6/363-364 12/3/82

Import of clothing

*19 Mr H H SCHWARZ asked the Minister of Industries, Commerce and Tourism

(1) Whether the quantity of clothing imported into the Republic during the latest specified period of 12 months for which figures are available showed an increase over the quantity imported during the preceding period of 12 months, if so, what is the increase,

(2) whether any investigations have been instituted into the effects of these imports on the clothing industry in the Republic, if so, what are the results of such investigations?

†The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM

(1) Yes Due to increased domestic demand and high capacity utilization of the local clothing industry, imports rose by 115,57% during the ten months ended October 1981 compared with the corresponding period in 1980

(2) Yes. A Committee of Inquiry into the textile and clothing industries was appointed by me in November 1981 and its terms of reference are amongst others to investigate the competitive ability of these industries *vis-à-vis* foreign competition as well as any need for protection. The Committee's investigation has not yet been completed. In addition the Board of Trade and Industries took into account the increased imports during its investigation of the clothing industry's application for an increase in the import duty on a wide variety of garments

890 still on strike at Fuchs factory

Star 13/3/82

184 189 186 82 140A

By Drew Forrest

The labour upheaval in the East Rand metal industries continued yesterday with nearly 900 workers at an Alberton factory staying on strike, and reports of a stoppage in Isando

Two other disputes in the clothing industry were also reported

At the Barlow Rand subsidiary, Fuchs Electrical Industries at Alrode, Alberton, the strike over wages by 890 workers was unresolved late yesterday. The management said it had appealed for spokesmen to come forward, and hoped for a return to work after the weekend.

At Isando, 150 workers at Automatic Plating '— a company in the Dorbyl group — returned to work yesterday after downing tools on Thursday over a wage demand.

There were talks with officials of the Metal and Allied Workers Union, (Mawu), but the demand was not met.

Brief stoppages yesterday were reported from two Johannesburg clothing factories — the RMB Dress Company and Suki Crawford The Crawford management is understood to have granted its 35 workers a R3 a week increase

According to the acting general secretary of the National Union of Clothing Workers, Mrs Sarah Chitja, workers who struck this week at SA Weatherwear Manufacturers in Mayfair returned to work on Wednesday after the management offered a R5-a-week production bonus

The president of the Transvaal Clothing Manufacturers' Association, Mr Terence Kinnear, reacted strongly yesterday to union charges that clothing employers were "clinging" to the terms of the current industrial agreement

"How can the unions knock the agreement when they are signatories to it?"

A major West Rand milk supplier, Kumec, was hit by a strike by 85 deliverymen yesterday — affecting home deliveries in Krugersdorp and Roodepoort

Cheap imports hit local firms

(102) (184) (274)

Industrial week 16/3/82

By Priscilla Whyte and Lynn Carlisle

FOREIGN competition is threatening the R1 900-million clothing industry and firms in other industries report cut-backs in production because they cannot compete with "cheap imports"

The situation will worsen as aggressive foreign marketing here — often of products manufactured at a loss for the sake of earning them foreign currency hits local manufacturers some allegedly not competitive because they are 'protected industries'

Stanley Shiagman, executive director of the SA Textile Federation, attributes the competitive edge of the Far East to their labour costs, being as little as one tenth of these here, and prices of imports bearing little relationship to true production costs

"Unless effective protection is imposed, exports from the East will flood SA at market prices we cannot match," said Shiagman

And the GEC group's R5 million electric motor factory in kwaZulu has been working a four day week since February 1 — due to competition from cheap United States, European and Far Eastern imports

"In spite of the 30% tariff protection which local manufacturers have enjoyed up to now, imported electric motors are still coming in at prices which on average are 20 - 30% cheaper than locally-made products," says Robin Bullen Smith, executive director of GEC South Africa

"Many customers have switched to imports and the reduced demand has forced us to cut production at the kwaZulu factory, which we have just re equipped at a cost of R2 million ' he adds

Realising the plight of the local industry, an investigation into the clothing and textile industry under Professor W F J Steenkamp is under way, and the Board of Trade and Industries is currently processing data on these industries who combine to employ more about 16%, of South Africa s total labour force

In addition, the agricultural sector employs about 150 000 in cotton production who are entirely dependent on textile and clothing industries to use that crop

But if clothing and textile industries are worried that they will not get adequate protection from Government they should drift to more competitive lines suggests Leon Louw executive director of the Free Market Foundation

There is a problem with existing protected industries that are not competitive This is not their fault because they have been encouraged by protection to set up uneconomic ventures

We must see we do not create any more of these situations, says Louw

Clothing imports flooding S A

184 (3/4)

Mercury 17/3/82

Factory

Mercury Correspondent

JOHANNESBURG— Clothing manufacturers have refuted claims that import permits for clothing have been slashed for 1982. If anything, imports continue unabated, and to the detriment of the local manufacturing industry.

The director of the National Clothing Federation of South Africa, Mr Frank Whitaker, made these claims in reply to an allegation by the chief executive of Progress Industries, Mr P D Jacobson in his company's annual report, that imports had been 'drastically curtailed'

Mr Whitaker said imports appeared to have been curtailed over Christmas when the Department of Imports had a staff shortage and a general rule was applied of allowing only 25 percent of importers' needs to avoid making decisions

The official Government policy on clothing imports — of which Mr Whitaker and his Federation disapprove — is to allow full 'reasonable' import requirements

'Reasonable' is not defined, and with the low gold price and South Africa's balance of payments problems, Mr Whitaker believes the policy is too lenient

The recently-formed Steenkamp Committee, which is to investigate these aspects of the clothing and textile industry is not expected to report back with recommendations before the end of the year

Mr Whitaker believes, with the slowdown in the economy, that this may be too late Although factories are working to full capacity at present, the downturn, together with cheap imports 'flooding' the market, may precipitate excess capacity

Cotton yarn

This fear is preventing expansion in the local clothing and textile industries and could be allayed with stricter import controls, manufacturers claim

In spite of evident sales of imported clothing — largely from the East — Mr Whitaker says the imports are not filling a gap in the market

They are bought because they are cheaper and they are cheaper because both South African synthetic and cotton yarn is more expensive here than elsewhere in the world, where prices are falling

The S A clothing industry is nevertheless able to sell what it produces but is fearful of a return to conditions similar to those of the 1977 slump

'The knitters are in a particularly vulnerable position,' says Mr Whitaker They have to invest more capital in machinery than the weavers

And although more woven garments are worn than knitted garments, imports run 50/50 Knitted imports form a disproportionately large percentage of locally knitted garmets compared to their woven counterparts

Control cheap imports plea

744 (184) 187 D. Dispatch 30/3/82

BY TOM LOUW
Business Editor

EAST LONDON — Leaders in the textile and clothing industries say unfair competition from cheap imports is destroying their profitability

They are asking for protection against such imports, which come from countries, mainly in the Far East, where wages paid are considerably lower than in South Africa

They say that without protection there is a risk of recession in the industry in South Africa, with a consequent threat of retrenchment of labour

A government-appointed committee of inquiry is making an investigation into the whole question, including the scope and nature of any possible protection

Speaking at the national conference of the South African Dyers' and Finishers' Association in East London, Mr Stanley Schlagman, executive director of the Textile Federation, pointed to the promise of considerable growth in the industry as living standards in South Africa improve He asked who was to be the beneficiary of this growth — the domestic producer or the foreign producer

Mr Schlagman said the local clothing industry is especially vulnerable, because the developing countries are particularly keen to export clothing because of its high labour content He said the greatest volume of disruptive competition comes from Hong Kong, Taiwan, South Korea and Macao This is supplemented by Indonesia, Philippines, Mauritius, even the Maldives, and — through Hong Kong — Communist China as well

The threat to the clothing industry and, by association the textile industry as well, is low-price imports arising from increasing capacities and the frustrations of more rigid quotas being applied by North America and the European Economic Community

Mr Schlagman pointed out that the problem is not unique to South Africa In Western Europe and North America it has become serious enough for special provision to be devised under the General Agreement on Tariffs and Trade (GATT) to control cheap clothing imports into member countries This special provision allowed for quotas, which was contrary to all basic GATT principles

The effect of this GATT action was to increase the efforts of the developing countries to find other markets Unhappily, Mr Schlagman said, South Africa was a soft target because duty structures had deteriorated to a level where they were minimally effective and import control was being phased out

He said what was needed for South Africa was a total system of import duty and quantitative control, designed to be flexible so as to allow for supplies from all sources based on real demand and local supply capability The system, he said, must be reactive to changes in these capabilities and demand levels

Mr Schlagman said submissions before the committee of inquiry into the textile and clothing industries would offer various options based on the two industries' belief that a dual system of import regulation is essential

Further concern over textile imports

(184) Mercury 30/3/82

Financial Editor

YET ANOTHER clothing company has expressed concern about the Government's policy on textile imports and the free issue of import permits allowing imports.

Mr M R A McElligott, chairman of Durban-based Ninian and Lester, says in the annual report that the excessive import of textile goods during 1981 and the continued free issue of permits is expected to 'have an adverse effect on the group's textile division in the coming year'

He said that Government policy does not appear to be in the long-term interests of industry, and in particular, the textile and clothing manufacturers

'If it continues, it must result in fewer employment opportunities at a time when a downturn in economic momentum is expected

'Apart from the textile divisions, present expectations are that 1982 will prove a more difficult, but nevertheless a satisfactory trading year and with the profits of the Safnit group of companies being included for a full year, it is expected that the group's profit for 1982 will show some improvement on 1981'

Income after tax was R3 644 000 (compared with R2 700 000 in 1980) equal to a 36 percent improvement

Earnings per share increased from 125 cents in 1980 to 141 cents in 1981 and if the Safnit profits had been included for a full year the eps would have been 150 cents

A final dividend of 24 cents a share is being paid after an interim of 12 cents, which compares with 38 cents on a smaller issued share capital in 1980

Veka (184) hits at (111) cheap imports

Financial Reporter

SOME sales by overseas clothing manufacturers in SA border on dumping, says the chairman of Veka, Mr Jan de Necker, in the annual report.

The growth in SA's economy has resulted in greater interest than before being shown by overseas textile companies

Some imports have a crippling effect on SA industries and affect employment In some cases, it is possible to import a garment at a cheaper price than it would to import cloth for manufacture.

The situation arises because the import of some finished articles attracts a lower rate of duty than the raw material.

As a result protection of SA industry is not achieved.

Mr De Necker hopes that the recommendations of the commission of inquiry into the textile and clothing industries will result in greater employment not only for SA production but for the export market

Veka's budgeted unit sales for 1982 allow for a smaller increase than in the previous year, but product ranges have been adapted to obtain improved profit margins

"It is expected that there will not be a marked decrease in consumer demand for non-durable goods such as clothing in 1982"

Veka's exports to America should benefit from the lower rand value against the dollar and "this opportunity is being exploited by the company"

However, higher interest rates will limit increased profitability

"Given a continuation of reasonable consumer demand and interest rates which will not rise, further, "Veka should maintain its turnover and profit levels during 1982"

In the year to December the company raised the dividend 1c to 4c on a 39,7% higher taxed profit of R1 041 000.

184

S. Tribune 4/4/82

— TEXTILE AND CLOTHING INDUSTRIES CALL FOR HELP

AN URGENT call for some system of import quotas for textiles and clothing to save the industries from a damaging recession ,was made this week by Ernest Wilson, president of the South African Textile Federation

The demand came at the federation's annual meeting in Johannesburg in the light of a 28 percent increase in the issue of import permits in January and February this year compared with the same period last year. The total issued in 1981 was 55 percent up on 1980

Finance Editor

Wilson told me in an exclusive interview in Durban that what was troubling the industry was the dual situation of a turn-down in business allied to the high import allocations

"The request from the industry — and here clothing and textile interests are co-ordinated — is for a double barrelled protection system which is effective," he said.

"The Board of Trade say the tariff should be sufficient and we say that over many years we have noticed that exporters from overseas who are well versed in finding loopholes in tariff positions have consistently found a new fabric, by changing blend or weight, that can be exempt from a particular tariff.

"We therefore need not just tariffs, but some form of quota control. This is borne out by the situation in North America and Europe where they have had their industries decimated by this kind of competition.

"Now they have a new approach to it through multi-fribres agreements (MFA). MFA one and two were a bit of a fiasco. They were originally implemented by the developed countries to give a quota of textile imports to the under-developed nations and this was to go up six percent annually.

"As soon as this arrangement was made the recession began to set in and they had to fulfil these quotas. So they found themselves completely eroded.

"With the new MFA three which has just been settled under the auspices of the General Agreement on Tariffs and Trade (GATT) they are going to close the doors on many countries with whom they previously had bilateral arrangements.

"Our fear is that, for instance, when a ship arrives in New York with a load of textiles and the US authorities say it can't be landed because 'the quota has been exceeded the guys who have sent that out look around and say: 'Let's dump it in South Africa'.

"We have had several examples of this kind of dumping here beacuse of the MFA regulations."

Productivity shock for SA workers

Industrial Week 6/4/82

184

By Priscilla Whyte

IN a shock disclosure last week, a leading industrialist said that the productivity of one Taiwanese worker was equal to that of seven SA workers in the textile and clothing industry.

Christo Wiese, chairman of Pep Textiles, was addressing delegates at the Natcon 82 conference in East London

Wiese said "It is disquieting that in the textile and clothing industry the average labour turnover is in excess of 60% annually

He claimed that the Pep Textiles group have managed to contain labour turnover to just over 10%

He says that as SA is a major supplier of foodstuffs to Africa, there is no reason that she should not develop into a major supplier of textiles and clothing He cited the example of SA's military self-sufficiency leading her to be poised to become an exporter of arms

Jan-Henk Boer, divisional manager of the National Productivity Institute tells Industrial Week "In the first quarter of 1981, 9,1% more workers in the clothing industry produced 11% more in output but in the second quarter of 1981 the wage per worker increased by 11,7% and his output only improved by 2,4% "

Boer says that CLIPA the Clothing Industry Productivity Association is trying to persuade a sample of SA manufacturers to co-operate in a brief survey on productivity

The last detailed studies were carried out in 1972 and 1974

He says a draft report is being discussed with the National Clothing Federation on SA fabric utilisation and the findings should be available within the next two months

Workers sacked for leaving early

184 VBU Sowetan 14/4/82

TWENTY-EIGHT workers were yesterday dismissed at Parachute Industries (Pty) Limited in Wynberg because they had decided to knock off work an hour earlier on Thursday last week.

According to the workers, they had knocked off at 3 30pm on that day because it was normal practice for them to knock off an hour earlier on the last day of the week They also claimed that management had only informed them that Thursday was a normal working day during tea-time at 3pm.

A workers' representative said "We normally knock off at 3 30pm every Friday of the week Since last week Friday was the beginning of a long weekend we decided to treat Thursday like a Friday in a normal week, especially because we had been made to work on Tuesday last week which was a holiday, Founders' Day

"Some of our colleagues were supposed to be going on holiday and we were still expected to work until 4 30pm This was unfair just as much as our dismissal is When we knocked off on Thursday we were told to fetch our wages on Tuesday at 11am "

The workers said this was not their only grievance with the company and added that they had to report to the white woman supervisor when they wanted to go to the toilet Another grievance was that the company always gave old workers the same increments as new employees so that some of the new employees were earning as much as older ones

The workers also claimed that most of the 28 who were fired were employees with long service at Parachute Industries The workers complained of victimisation by management as they also claimed that the new manager had told them they had to work on a new system and not that of the old manager

The SOWETAN could yesterday not obtain a comment from the company's management

What is coming and going!

THMA 184 S. Times 18/4/82 VATA

By Elizabeth Rouse

IMPORTS of textiles and machinery are still running at astonishingly high levels considering the downturn in the economy and the slowdown in capital expansion

Value of textile imports in the first two months of 1982 was 59% higher than in January and February 1981 This leap must be much to the indignation of South Africa's textile manufacturers

Total textile imports for January and February were R171,3-million compared with R107,7-million in the first two months of 1981

Allowing for inflation and probably better-quality imports, the volume increase must be significant as well.

Value of machinery imports showed a 30% advance on the same period last year — up at R849,5-million from R653-million.

Major developments at semi-State organisations like Escom and big mining and industrial groups are obviously keeping the capital goods imports rolling

Imports of vehicles, aircraft, vessels and transport equipment remained high at R376,4-million against R355,8-million in early 1981

On the export side, value of South African mineral products was up at R308,3-million from R249,4-million, while the value of base metals and base metal articles increased to R251,4-million from R219,7-million

Vegetable-product exports — a reasonably large sector — were up at R136,5-million from R125,1-million

The biggest export category — unclassified goods, which includes metals such as platinum — reflected a downturn to R1 180,4-million from R1 550,3-million.

South Africa's imports from Europe, the US, Asia and Africa continued to grow Exports to Europe, the US and Africa were down because of the slump in commodities However, exports to Asia are on the uptrend, thanks to ore exports to Japan and Taiwan.

(184) Star 22/4/82

Clothing industry wage talks swell pay packets

By Tony Davis
Labour Reporter

Most of the Transvaal's 25 000 workers in the clothing industry won substantial wage increases this week

The annual talks ended this week after almost a month The settlement stipulated that women workers will receive wages equal to those of their male counterparts in the clothing industry.

Women machinists, who form the bulk of the industry's workforce, will receive a 53,4 percent increase during the next 18 months.

The current agreement is in effect until the end of December next year with further increases scheduled for January and July 1983

Officially the newly negotiated increases are not legally binding until July 2 But unionists believe they will be implemented from early next month.

The agreement provides for a paid public holiday on Heroes Day and for employers to make contributions equal to those of workers to the industry's provident fund

Meal allowances are provided for and the attendance bonus for learner and qualified workers increases by 100 percent, from R1 to R2 a week for learners and R1,50 to R3 a week for others

For a number of areas in the industry the qualification period for workers has been reduced by six months

The president of the Garment Workers' Union, Dr Anna Scheepers, said today she was satisfied with the terms of the wage settlement.

She was particularly pleased that women workers were to earn the same wages as men

Clothing industry is feeling the squeeze

By ALEX PETERSEN Cape Times 24/4/82 (184)

THE OUTLOOK for the clothing industry is starting to look tough, with a number of manufacturers facing cancellations and cutbacks of orders, according to the chairman of the Cape Clothing Manufactureres Association, Mr Mike Getz.

Mr Getz said yesterday that retailers "are generally seeking to reduce their risks" indicating that the present high interest rate structure and uncertain demand outlook is, beginning to bite

"Fairly strict financial controls are being applied in the retail sector, particularly in the area of stock levels," Mr Getz said

"For the manufacturing industry, this means that orders are being placed quite selectively to critical deadlines"

The result, he says, is that certain sectors of the industry are beginning to experience leaner times

Apart from the obvious effect of the current economic climate, Mr Getz isolated a number of areas which had now become critical for the industry These were

- A high level of imports, which was continuing to escalate
- Problems of late fabric deliveries from some textile producers, compounding the critical delivery period to retailers
- The high cost of carrying fabric stocks
- Attempts by some retailers to cancel orders

On imports, the figures for 1981 in just the outerwear sectors of the industry show that the value of f o b imports increased from R21,8m in 1980 to R52m in 1981, — over 140%, and available figures suggested imports for 1982 were continuing to escalating, in spite of the balance of payments implications

Some manufacturers are clearly losing out to these increased imports

"They are being told frankly that garments from the East offer better margins for the retailers concerned," Mr Getz commented, suggesting that cheaper imports do not necessarily mean lower prices for consumers

More importantly, for the industry as a whole, Mr Getz estimates that imports are could affect to between 3 000 to 5 000 jobs, or perhaps more

On the question of deliveries, he says delay problems from the textile sector are still appearing

"This, in turn, has resulted in garment deliveries to the retailer being delayed. Retailers are looking critically at manufacturers with a disappointing delivery performance, for whatever reason, and some manufacturers have lost out on business for the coming season"

Mr Mike Getz

Because of the high cost of carrying stock — current estimates place them at 40% — he says the industry cannot afford to carry fabric surpluses in anticipation of delivery problems

As a result, manufacturers are caught betweeen suppliers and customers "Some retailers are cancelling and returning orders which arrive a day late"

Textile view

The president of the SA Textile Federation, Mr Ernest Wilson, agrees that there are textile delivery problems, but feels these are isolated to certain sectors "We tend to hear about the 5% that are late, but not the 95% who are on time"

Textile producers are also worried about the high level of imports Mr Wilson points out that textile imports for the first three months of this year were up 35% over 1981, which in turn had shown a 40% increase of 1980

"This means that the brunt of any downturn is borne by the local industry"

Domestic textile production supplies between 80% to 85% of the total local requirment If there is a downturn of 10%, this could mean a 15% reduction in local activity, but with increased imports, this could be substantially greater

"Its very significant at a time like this We want to avoid having too many people out of work"

But he cautions against too alarmist a view of the situation, sugggesting that there is a danger that business can talk itself into a recession He argues that the present slower growth period is a time for consolidation and innovations

Mike Getz, too, feels that manufacturers whose products sold well last year are enjoying reasonable support, with orders marginally ahead of last year But not even all of this group were seeing the four percent real growth rate predicted for the industry

Just how disruptive the growing level of imports actually is — not just for profitability, but for investment planning and jobs — still requires precise answers

The Steenkamp committee — appointed by the government in response to pleas from the clothing and textile industries for more orderly control of imports — will be visiting the Western Cape next week and speaking to leading producers

They will doubtless be asking some hard questions of their own Although the committee is unlikley to table its report before early 1983, their conclusions could be crucial for the two industries, and for the Western Cape, which houses the lion's share of them

Clothing industry protected enough, Cape retailers say

ARGUS 28/4/82 (184)

CLOTHING manufacturers in South Africa are more than adequately protected against competition from imports and further import restrictions will only increase the inefficiency of the industry, retailers say.

The retailers, members of the Cape Town Chamber of Commerce, claim that a statement by Mr Mike Getz, chairman of the Cape Clothing Manufacturers' Association, presented a distorted picture of the clothing industry.

In his statement Mr Getz said clothing manufacturers were losing out because of a high level of imports which was continuing to escalate and that imports could threaten the jobs of between 3 000 and 5 000 workers in the industry.

He also said the disappointing delivery performance of manufacturers stemmed from problems with fabric suppliers and that their problems were compounded by retailers "who are cancelling and returning orders which arrive a day late."

The representatives of the chamber who spoke to The Argus included the president, Mr I D Silberberg, Mr P Krawitz of Cape Union Mart; Mr J Greenhalgh of W J Hopkins and chairman of the chamber's foreign trade committee; Mr J Lurie of Globe and Company; Mr Alan Leighton and Mr B MacLeod, director of the chamber.

NEW SURCHARGE

In their opinion existing tariffs on clothing and fabric imports coupled with the new 10 percent surcharge on these imports offered sufficient protection.

This protection was reinforced by the fall in the value of the rand which had raised importers' costs in rand terms by 22 percent over the past year.

They raised the following points:

- Manufacturers also imported fabrics and finished products which were aften sold on the local market under local labels.
- Capacity utilisation in the industry was currently at 93 percent and although imports increased by more than 140 percent to R52-million last year this was an insignificant part of total spending on clothing, especially when the country's inflation rate was taken into account.
- The major problem for retailers (more so for those who dealt with fashion items) was matching deliveries with sales expectations. In spite of ordering up to nine months in advance prompt and complete deliveries were a rarity.
- Although they criticised retailers for cutting back on stock levels because of the cost, manufacturers actually preferred long runs and bulk orders and were increasingly reluctant to spread deliveries over more effective periods.
- Manufacturers also accepted orders far in excess of available capacity.
- The suggestion that cheaper imports did not necessarily mean lower prices was seriously disputed. The local industry had distinct advantages over foreign competitors, foreign competition could only strengthen an industry where overprotection would increase inefficiency, anti-dumping legislation protected the industry from this form of unfair competition and artificial constraints went against the spirit of free enterprise.
- Consumer sovereignty was being denied. Manufacturers were producing what they wanted at their prices and telling retailers to take it or leave it.

If clothing manufacturers, with all the protection they were afforded, could not compete locally they ought to move into another line of production, they said.

30/4/82

184 Black workers in clothing industry in PWUV area

Hansard Q. Col. 743 - 744

581 Mr. J. J B VAN ZYL asked the Minister of Industries, Commerce and Tourism:†

(a) In respect of how many Black workers was application made by the clothing industry in the PWV area in terms

of section 3 of the Physical Planning Act in each of the latest specified five years for which figures are available and (b) in respect of how many Black workers were these application granted in each such year?

The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM:

(a)	1977	1 830
	1978	761
	1979	3 368
	1980	1 701
	1981	941
(b)	1977	1 271
	1978	720
	1979	3 158
	1980	1 701
	1981	796

FM 30.4.82

CLOTHING INDUSTRY

Doubling up (184) 346

Wage increases ranging from 40% to more than 100%, will be phased in over the next 15 months in the Transvaal clothing industry, following an agreement reached between trade unions and employers

Dr Anna Scheepers, President of the Trade Union Council of SA (Tucsa), describes the wage agreement as one of the best ever achieved by unions in the clothing industry "I have not been so happy since

... rd on January 1 next year ... n July next year The agreement ... remain in force until the end of 1983

Included in it are undertakings by employers to eliminate sex discrimination in pay, to match workers' contributions to their provident fund, to pay a higher attendance bonus and to grant more paid public holidays

A specific wage has been negotiated for each work category Because very substantial increases have been granted to workers in certain jobs where wages have been very low in the past, percentage increases vary a great deal between some categories For example, the total increase for sewing machinists, who constitute a large proportion of the workforce in the industry, will be 48,5% A woman foreman, however, who earns the present minimum of R67,10/week, will have her pay boosted to R144 before July 1 this year, to R155 next January and to R167 in July next year

The increases have been negotiated across the board and all workers will get the increase prescribed for in their class of work, even if they are earning above the stipulated minimum

Scheepers has appealed to employers to pay the first increase as soon as possible "Legally they can wait until July, but this would not make for better labour relations" Many employers, she says, have indicated that they will give increases as soon as possible

DIAMOND CUTTERS UNION OF S.A.(1)

Year	Membership				
	African	Asian	Coloured	White	Total
1970					
1971					
1972					
1973					
1974					
1975					
1976					
1977					
1978					
1979					600 ≠
1980					10 ≠

Address: P.O. Box 8304 Johannesburg 2000 ... (011) 371 854

Officials: Secretary: R. ...

Area of Operation: Johanne...

Founded: 1978

Registration: Yes

(1) 1980 - Membership has ... been taken over by the Garment Workers Un... membership.

Clothing industry slows

RDM 3/5/82

184

By ALEX PETERSEN

THE OUTLOOK for the clothing industry is starting to look tough, with several manufacturers facing cancellations and reductions in orders, according to the chairman of the Cape Clothing Manufacturers Association, Mr Mike Getz.

Mr Getz said retailers "are generally seeking to reduce their risks" indicating that high interest rates and uncertain demand are beginning to bite.

"Fairly strict financial controls are being applied in the retail sector, particularly in stock levels," Mr Getz said

"For the manufacturing industry this means that orders are being placed selectively to critical deadlines"

The result, he says, is that certain sectors of the industry are beginning to experience leaner times

Apart from the effect of the current economic climate, Mr Getz isolated a number of areas which had become critical for the industry

- High and rising imports.
- Problems of late fabric deliveries from some textile producers, compounding the critical delivery period to retailers
- The high cost of carrying fabric stocks
- Attempts by some retailers to cancel orders

Figures for 1981 in only the outerwear sectors of the industry show that the value of f o b imports increased from R21 800 000 in 1980 to R52-million in 1981 — more than 140% other figures suggest imports for 1982 are continuing to increase in spite of the balance of payments implications

Some manufacturers are losing out to these increased imports

"They are being told that garments from the East offer better margins for the retailer," says Mr Getz commented, suggesting that cheap imports do not necessarily mean lower prices for consumers.

Mr Getz estimates that imports could affect between 3 000 to 5 000 jobs

Delays in deliveries from the textile sector continue

"This has resulted in garment deliveries to the retailer being delayed. Retailers are looking critically at manufacturers with a disappointing delivery performance, for whatever reason, and some manufacturers have lost out on business for the coming season"

Because of the high cost of carrying stock — estimates place it at 40% — the industry cannot afford to carry fabric surpluses in anticipation of delivery problems

As a result, manufacturers are caught between suppliers and customers. "Some retailers are cancelling and returning orders which arrive a day late" The president of the SA Textile Federation, Mr Ernest Wilson, agrees that there are textile delivery problems, but believes these are isolated

"We tend to hear about the 5% that are late, but not the 95% which are on time"

Textile producers are also worried about imports Mr Wilson says textile imports for the first three months of this year were up 35% over 1981, which in turn showed a 40% increase over 1980

"This means that the brunt of any downturn is borne by SA industry."

Domestic textile production supplies between 80% to 85% of SA requirments If there is a downturn of 10%, this could mean a 15% reduction in textile activity. with increased imports, this could be substantially greater

He warns against an alarmist view, sugggesting that there is a danger that business can talk itself into a recession He argues that the slower growth period is a time for consolidation and innovations

SUNDAY TRIBUNE, MAY 9, 1982

184

R1,25m bid to button up garment rental industry

DA GAMA TEXTILES, the Berden group and Steiner Services have signed a R1,25 million contract representing the first step in a bid to enlarge the garment rental industry which, studies have concluded, has a total annual revenue potential of R431 million.

The present garment rental industry annual income of R6 million only scratches the surface of the potential market in South Africa, says Brian Elmes, managing director of Steiner.

"In the United States and Europe 70 percent of all industrial and commercial garments are on a rental basis because of the huge capital investment that is otherwise involved by industrialists. In this country so far only 1.86 percent of the potential has been developed.

"Were the South African trend to follow the American pattern, 70 percent of the total potential will yield revenue of R302 million a year."

Within the contract, Da Gama will supply more than R1 million worth of a revolutionary polycotton fabric developed in collaboration with Hoescht. Natal Overall, part of the Berden group, will manufacture the garments and Steiner Services, which already has a large share of the industrial and commercial towel market, will do the marketing in conjunction with Da Gama and Berden.

Statistics from the Department of Manpower Utilisation show that there are 8,3 million workers (6,5 million industrial and 1,8 million farm) who qualify for the use of protective workwear.

CLOTHING IMPORTS

Material gains 184

FM 14/5/82

Clothing manufacturers are enjoying steady sales, but they could run into trouble this year from rocketing imports

Hugh Yorke-Mitchell, president of the SA National Clothing Federation, says retailers are cashing in on cheap imports And import permits now seem to be more easily available "Manufacturers want greater restrictions on imports and government has not given us any indication whether it is going to do something about it," he complains

According to the Board of Trade and Industries Office, clothing is still a strictly controlled item, protected by tariffs and import permits

Says Director of Imports and Exports Wolf Wilke "If applicant retailers prove that manufacturers cannot supply the needed product, either because of late delivery, uncompetitive prices or inadequate quality, then we will consider issuing them import permits We give local manufacturers sufficient concessions and try not to curtail imports unnecessarily"

Yorke-Mitchell concedes that part of the problem lies with the manufacturers "We know that timeous delivery of finished products has always been a problem And some retailers are countering by resorting to imports

"Manufacturers have realised this is losing them business and are now trying to carefully monitor deliveries"

Clothing imports doubled last year and latest figures indicate a similar trend for 1982 Value of textile imports increased from R164,9m in the first quarter last year to R259,7m for the first three months of this year These figures include textiles and finished clothing products, but textile imports are thought to have been static, the bulk of the increase is accounted for by clothing

Argus 8/5/81 (184) ~~346~~ ~~135~~

Pay rise for clothing workers

Financial Staff

A 7,5 PERCENT wage increase is to be paid on July 10 to the more than 56,000 workers in the Cape clothing industry.

An agreement to step up minimum wages was reached last night at a special meeting of the Cape Industrial Council for the Clothing Industry.

The council's chairman, Mr A M Rosenberg, said today the increase in the workers' weekly pay packet meant an extra R3-million would be injected into the economy of the Western Cape in the next six months.

Wages paid by the Cape's 350 factories will top R2-million a week and R100-million a year.

The latest pay rise follows a request from the Garment Workers' Union of the Western Province to increase the rates for all categories of clothing workers.

It also means that wages have jumped by 29 percent in the past 12 months as a result of three increases.

The industry's current wage agreement ends in December, when negotiations for a new three-year pay structure will be held.

Mr L A Petersen, secretary of the Garment

(Continued on Page 3, col 3)

(184) (~~346~~) (~~135~~)

Pay rise

Argus 8/5/81

(Continued from page 1)

Workers' Union, said a pay rise was granted six months ago and the union agreed not to seek further increases while the present agreement lasted.

However, the rate of inflation had already superceded the last pay rise and workers found it hard to keep up with the cost of almost all commodities.

The union intended to negotiate for further increases to begin with the workers' Christmas pay packets

Cape clothing workers to get another 7,5 pc

CT 9/5/81

~~316~~ ~~123~~ 184

MINIMUM wages for all members of the Garment Workers Union of the Western Province had been raised by 7 5 percent Mr A M Rosenberg chairman of the Industrial Council for the Clothing Industry, announced yesterday

This is in addition to a 10 percent minimum wage increase granted in December, and it follows a request made by the union

Mr Rosenberg said "The Industrial Council for the Clothing Industry (Cape) held a special meeting on Thursday to discuss a request from the Garment Workers' Union for an increase in the minimum rates of pay for all categories of clothing workers under the jurisdiction of the council

"An agreement was reached whereby these minimum wages are to be increased by 7,5 percent payable on Friday, July 10, 1981

"The increase of 7,5 percent in the workers' weekly pay packet means that more than R3-million will be injected into the economy of the Western Cape during the next six months by the more than 56 000 workers in the industry, which is the largest in the Western Cape Mr Rosenberg said

Reacting to the statement, the general secretary of the GWUWP, Mr L A Petersen, said he was "more than pleased" at the response of the council to his request for an additional minimum-wage increase

"We requested the additional increase because the 10 percent increase given in December has already been superseded by the inflation rate We felt the workers deserved it for their exceptionally superior work which has led to an expansion in the overseas market "

The latest increase, he said, brought the total increases granted since wage negotiations began in 1979 to 54,5 percent

"And now the wage increase has superseded the inflation rate" he said

Rag trade helps 800 to buy own homes

PROPERTY ARGUS 22/5/82 184

Property Editor

MORE than 800 of Cape Town's garment workers have been helped to buy their own homes through the Cape clothing industry provident fund, which has lent more than R5-million over the years.

Almost R4,4-million has been paid out in loans to buy plots and houses, build houses and make additions and improvements

About another R1-million has also been given to 427 workers as deposits for houses in Mitchell's Plain, supporting a clothing manufacturer's claim that the local industry helped Mitchell's Plain to get off the ground

The council has stepped up its allocation to R1-million for 1982 and in only four months R490 000 in loans have been granted to 50 workers, indicating that the year's funds could dry up soon

Allocation for last year was R700 000 up from R450 000 in 1980

LOW INTEREST

Apart from being one of the few sources open for housing loans, the housing scheme charges interest well below building society and bank rates, 7,5 percent on loans up to R15 000 against the societies' 13,5 percent and 9,5 percent on loans between R15 000 and R20 000 against 13,75 percent.

The housing scheme started in 1958 when lower-paid factory workers had great difficulty in getting loans elsewhere because of their limited income In that year six loans totalling R4 642 were approved, the advances doubling the next year and increasing steadily ever since

Many workers have repaid their loans and about R2,5-million is still outstanding

Loans are made against assets of R18-million held by the industrial council's provident fund.

Income is expected to jump to R5-million from last year's R3,75-million as a result of higher interest rates paid on investments About R2,5-million of 1980's income came from contributions, of which employers pay 35c a head a week and workers pay 50c a week

"We have had so many letters of appreciation from employees who had no hope of getting a bond elsewhere It is one of the perks of the industry that they value," says Mr Hardy Nel, secretary of the industrial council

CLOTHING INDUSTRY FM 18/6/82 (184)

The end of import control

Increased tariff protection for the clothing industry gazetted last week paves the way for the total removal of import controls on garments

On the recommendation of the Board of Trade (BTI), Industries Minister Dawie de Villiers granted clothing manufacturers a mixed bag of higher ad valorem and formula duties with which the national clothing federation is "by and large quite happy" The board said it had "tried to establish a tariff structure which would make import controls unnecessary"

Because domestic clothing manufacturers have benefited a great deal from import controls over the years, this was the first application for additional tariff protection since 1974 The application was lodged in August 1980 in retaliation for a series of applications made by textile manufacturers

In submissions to the BTI, clothiers said increasingly higher tariff barriers against imported fabrics were raising the industry's input costs to unacceptable levels and facilitating penetration of imported clothing

A clothing man told the *FM* that successful tariff applications by the textile industry outnumbered those of clothing three to one

The protection package awarded by De Villiers is an intelligent mix. Ad valorem duties remain pegged at 35% and in cases where the duty was below this level it is increased The real change is in the application of formula duties This operates as a compensating or countervailing barrier against imported garments whose price weight ratio falls below "acceptable" levels

Its effect will not be to discourage imports, which in most cases will still enter the country at prices below the domestic mark, but to force importers to be more selective in their foreign purchases According to clothing industry sources, the new formula duties will deter imports "merely to maximise profit" and force importers to bring in garments that augment local styles and ranges They say it will not impinge on domestic consumers' choice and preference

The BTI's analysis of import statistics disclosed a sharp fall in unit prices during the first six months of last year when 10,8m items of clothing were imported for R39,8m at 367c/unit. This compared with 10,2m items worth R42,5m at 414c/unit for the whole of 1980 The board noted that garments from the US and the Far East reflected the sharpest decline in unit prices

BTI says it uncovered much evidence of "disruptive competition"

Clothing outlet . . . forced to be more selective

It dismissed clothiers' arguments that a tougher Multi-Fibre Agreement (which regulates the flow of clothing and textiles from less- and undeveloped countries to developed countries) would make SA the target of dumped garments The MFA has been rolled over to 1986 without introducing tougher provisions against LDCs.

BTI was partly influenced, however, by the cost-raising effects of increased tariff protection for the textile industry

Another important factor that swayed the BTI was that the retail price index of clothing has been rising at a faster rate than the production price index, which indicates that retailers must shoulder more of the blame for recent price rises in the clothing sector than manufacturers The BTI notes that there is more intense competition among the country's 1 200 garment-makers than there is in the retail sector, "which is dominated by a few large undertakings"

BTI says it took account of clothiers' full order books, long delivery times and 92% capacity utilisation, but said that the economic slowdown would improve productivity and shorten delivery dates.

BTI rejected requests by the clothing industry for quantitative import restrictions in certain cases

Why local clothing industry needs protecting

By MIKE PEIRSON
Finance Editor

LIBERALISM on the part of the Government in allowing unlimited imports of textiles and clothing into the country would be fatal to the industry and bring about massive unemployment.

Pushing the case for more protection to stave off the disasters which occurred in the European markets in recent years was George Brunn who is department head of the Hohenstein Institute in Germany responsible for research consultation and training within the clothing and textile industries He spent 26 years in South Africa before returning to Germany in 1981

"It is quite right that local manufacturers should ask for further protection when one looks at what happened in Germany, for instance," he told me in Durban this week

"In the mid-Sixties that clothing industry flourished with jobs for 460 000 people Today, because of dumping of goods from cheap areas, the industry has been ruined. Latest figures suggest that there are only now 220 000 employed in that industry and the position is getting worse

George Brunn . . . 26 years in SA

"I am sure you would not want that to happen to the South African clothing and textile industry which I understand employs at present some 250 000 wrokers Therefore you have to be very selective in what you allow into the country"

Brunn added that the United States, while pushing the idea of free trade in the public eye has been quietly, over the years, protecting its local textile and clothing industry

The president of the American Apparel Manufacturers Association Stewart Boswell, is due in this country this week to help further the protection argument He will be speaking to manufacturers in Cape Town and Durban and also to members of the Steenkamp Commission of Inquiry into the industries in Pretoria

"It is being regretted by the liberal elements in Europe at the moment that they did not cushion their industries against dumping," said Brunn "In Germany now, even the unions are co operating with the managements to help put across the case for more protectionism"

He added that in Burssels, now, thanks to grants from various clothing and textile federations research is being undertaken into design and manufacturing techniques to help the industry survive future overseas competition

And this is likely to be quite severe Japan as an example announced recently that it is to spend R50-million on robotisation on the clothing industry.

Brunn, who is in this country at the invitation of Arwa, our leading pantihose manufacturer, pointed out that the quality of clothing and textile products had improved over the years in South Africa to the extent that they were on a par with Europe.

The "contour knit" product that Arwa were producing in Parys had been tested by his institute and found to match anything similar on the international market, thanks to the advanced technology being used.

Some quarters (like Cape Town Chamber of Commerce) complain that tariff protection results in higher prices to the consumer as, they claim, will be the case with the new duties on imported clothing imposed on June 11.

The National Clothing Federation of SA disagrees and says the basic duty on clothing remains 35 percent as it has been on most garments since 1974 and normally priced items will continue to pay this duty

The latest changes were in the alternative formula duties which affect only abnormally low priced importations and have the effect of fixing a floor price related to the normal price.

The federation says what is important at this time of declining business activity is that unemployment should be avoided Importations of clothing doubled in 1980 on the previous year and doubled against last year It was essential, therefore, that this trend be halted before it led to serious retrenchments.

S. Tribune 27/6/82

184

 (1844) ~~30~~

Chamber fears big rise in clothes prices

Industrial Reporter

RECENTLY imposed customs duty hikes on various clothing items will more than double landed costs and push up prices to the consumer by even greater amounts, according to calculations made by the Cape Town Chamber of Commerce

In addition past experience had shown that when customs duties were increased, the price of locally produced equivalents invariably rose to the higher levels of the imports, the chamber said in its latest weekly bulletin

"Therefore, it is not a case of only imported clothing affected by the new duties going up in price, but locally produced clothing as well The chamber believes the imposition of these new duties to be both ill-timed and unfortunate"

Examples of increases included denim jeans which would go up from a landed cost of R8,05 to R19,00, men's T-shirts from R3,65 to R5,35, and brassieres from 97c to R2,07

Some of the duties applied to items not even made in South Africa

The chamber believed the increases to be ill-timed because in addition to tariff protection which it already enjoyed, the industry was helped by natural protection and bonuses in the form of the depreciated rand (down 34 percent against the value of the United States dollar over the past 18 months), as well as the 10 percent import surcharge introduced earlier this year

The chamber intended to recommend to Assocom that urgent representations be made to the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, to have the duties to reduced

Date 7/11/79

Degree/Diploma/Certificate for which you are registered (e.g B.A, B Sc) B. Bus. Sc.

Subject Economics II
(to be copied from the heading on the Examination Paper)

Paper No II Money
(to be copied from the heading on the Examination Paper)

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Row rages over customs duties

CAPE TIMES 2/4/82 (184) (28) (124)

By GORDON KLING

A MAJOR ROW has broken out between organized commerce and industry in Cape Town over the new customs duties imposed on imported clothing

Local manufacturers, who want still higher duties, and retailers are blaming each other for the high prices facing the consumer and of disregard for the region's economy

"You could certainly say we are at loggerheads," said the director of the 2 000 member Cape Town Chamber of Commerce (CTCC), Mr Brian MacLeod.

He disagreed with most of the arguments advanced by the 1 200-member Cape Chamber of Industries (CCI) in favour of the recently-increased duties, which have more than doubled the prices of some items

He said a CTCC delegation would meet the Board of Trade in Pretoria today in an attempt to have the duties reduced

'Worried'

The director of the CCI, Mr Jack Roos, said in a statement yesterday that his organization was following the controversy with concern

"We who are worried about the economic future of the Western Cape, have a particularly important stake in this issue It is a known fact that the economy of this region is lagging behind the rest of the country and that we may expect some very serious unemployment problems in the future if we do not expand industrially to create job opportunities for our growing population How much more serious would our position be if something were to cause a permanent contraction in a major Cape industry?

Mr Brian MacLeod

Mr Simon Jocum

"One wonders whether the critics realize how important it is for this region to ensure that the clothing and textile industries are adequately safeguarded against disruptive competition from abroad? These industries employ no less than one in every three of the employees working in Western Cape manufacturing industry"

Total economy

Mr MacLeod replied that his Chamber was also concerned about the interests of the Western Cape, but said it was also important to consider the total economy, and this demanded keeping the cost structure and rate of inflation as low as possible

He said the clothing industry had not been hard hit by the previous recession in the late seventies and had been unable to meet demands, so he doubted whether it was on the verge of laying off workers

"Our members simply could not get supplies at all, let alone on time"

He emphasized that the Chamber was not opposed to a measure of protection and protection against dumping, "but can they give us proof that dumping is taking place? They have 90 percent of the market"

'Protection'

He said the clothing industry already enjoyed substantial natural protection from its proximity to the market and the depreciated rand The higher level of customs duties would simply be used as a reason to boost prices of the local goods

A past president of the National Clothing Federation of South Africa, Mr Simon Jocum, disputes this

"Intense competition by 1 200 factories has always helped to keep prices well below the cost of living index," he said yesterday

"The recent devaluation of the rand does not give added protection to the local industry The Chamber of Commerce is well aware of formula duties — the higher the f o b price of clothing, the lower the duty"

'Cheaper'

Mr Jocum said it was still cheaper to import clothing, even with the new duties which were still not sufficient in many categories "All that will happen is that importers will find it less attractive to import those items that are made in South Africa"

Mr MacLeod, however, maintained that some items protected by the new duties were not made in the Republic

Said Mr Jocum "The Chamber of Commerce and its spokesmen have selected a few items which have been hit rather harder and really do not affect the market as a whole They have made a mountain out of a molehill and are misleading the consumer into believing that price hikes will take place because of protection for the clothing industry These duties are totally inadequate and are merely a stop-gap"

Experience had shown that importation of low-priced clothing had not led to lower prices for consumers, he said, and there was plenty of low-priced clothing available in South Africa and the border areas

W/C Argus (Bus) 10/7/82 184

R8-m in pay rises for clothing workers

PAY rises averaging seven percent and costing about R8-million a year were given this weekend to 63 000 workers in the Cape clothing industry.

Factories are busier than ever in spite of a downturn elsewhere in the country

Employment grew to a record 63 095 at the end of June, up 4 900 or eight percent since December and 6 400 or 11 percent on a year ago

Thirty-seven new factories have opened in the past 12 months, bringing the Cape's total to 403, and manufacturers are still short of qualified staff, some reporting pirating by their competitors in a rush to cope with orders.

This scramble for labour has also boosted wage packets and pushed costs well above normal.

Negotiations are to start soon for a new wage agreement starting in December which also gives a new hike to wages and production costs. The current Industrial Council agreement comes to an end in December

These negotiations are expected to include demands for equal pay for men and women doing the same job. Women form about 95 percent of the factory floor work force and many could expect an extra pay increase if manufacturers concede to these demands.

Mr Simon Jocum, former chairman of the Cape Clothing Manufacturers Association, said: "Every-

Continued on Page 3.

W/C Argus 10/7/82 184

Pay rises

From Page 1.

body is working flat out to get summer goods out and the rush could last until the end of the year. If they are late the orders could be cancelled.

"The real crunch could come next year, when winter garment production ends in March."

Elsewhere in the country there is a definite tailing off in work, particularly in the knitting industry, says Mr Hugh York-Mitchell, president of the National Clothing Federation.

"There is a definite slowdown in demand from retailers and any manufacturer who delivers late runs the risk of having his goods returned.

"The industry has been running at 95 percent full employment, which means a shortage in some trades, so it could be some time before there is any actual decrease in employment."

Clothing giant beats the Ciskei expansion drum

184 185 S-Express 18/7/81

DEEP in the hills of the Ciskei, a clothing giant is establishing itself as a major force

This year Thrustor Manufacturing Products has opened two plants worth about R3-million in Ciskei and employs about 600 people It will eventually offer about 4 000 jobs

One plant is at Sada near Queenstown and the other at Fort Jackson near East London Thrustor has a third plant on the Reef

The growth of the group has been phenomenal At the end of February 1981 group turnover was R800 000

In February this year the figure had climbed to R1 700 000 and by the end of next February the figure is expected to be about R8-million

Group executive chairman Rod Davidson said this week he planned to hit a turnover of more than R22-million by 1985

So far, said Davidson, the group has spent about R3 500 000 on buildings and equipment and plans to spend another R12-million during the next three years in order to meet his targets

First formed in 1977, the company started manufacturing at the end of 1978 in a small plant in Brakpan, later moving to a larger building in the same district

The company's main products are protective clothing and uniform

Davidson is quite blunt about how he achieved the spectacular growth

"We broke just about every rule in the business book and then some We just had to in order to survive We were not only a bad smell to our bankers We were a complete anathema "

Financing expansion also was a headache "We forced our debtors to pay in 15 days and made our creditors wait a hundred Fortunately they were good to us and we made it "

The Ciskei Development Corporation has also helped by offering similar concessions as the South African Government does to decentralised industries

It gives Thrustor loans at 4%, also allows a tax holiday and R110 a month for each employee

As the average wage at the two Ciskei Thrustor plants is between R20 and R25 a week this means that the group will not have to carry any real wage bill for the next seven years

The cash grant from the CDC this year should be about R858 000

Despite the heavy expenses incurred in the past few months Davidson said he planned to be in a net current asset situation by mid-1983 despite the recession which does not worry him as the demands for protective clothing and defence force uniforms continues through good times and bad

He admitted that finances were tight and would continue that way for some time because of capital expenditure He said with a little bit of help from creditors and the CDC things would be much more liquid by the end of the current financial year in Feburary

He does not intend going public until he is in a strong situation

"I could go earlier for expansion finance but I want to attract the institutional investors and when they come I want them to woo us with roses not just daisies "

Davidson said that one of the main strengths of the group was that he set his margins at the beginning and stuck to them while competitors raised theirs in the boom period

Thrustor has just broken into the export market and will be exporting goods worth R1-million to Britain

Training is top priority for clothing industry

CAPE TIMES 2/8/82

(184)

By ALEX PETERSEN

THE clothing industry is involved in a major programme to update training and increase productivity, and is also taking a serious look at areas where the level of technology can be improved

Mr Simon Jocum, who heads up the Clothing Industry Training Board (CITB) said that the upgrading of training was at all levels of the industry, from machinists through to senior executives

The move is a direct result of a seminar held at Sun City last year when several aspects of the industry came under fire The seminar combined the clothing and textile industries as well as prominent retailers, and was aimed at a constructive airing of their differences

Criticism of the industry came in particular from Woolworths chairman, Mr David Susman, who warned that unless the industry brought both its technology and productivity up to overseas levels, it would face a rough ride

Mr Jocum, the immediate past-president of the National Clothing Federation, concedes that "a lot of that criticism was justified"

Since the conference the industry has commissioned a number of surveys, including one through the National Productivity Institute on low-cost technology, aimed at encouraging the smaller manufacturer to update

Another survey has been undertaken on cloth utilization in the cutting room, to reduce wastage At present fabric is over 50% of the garment cost. On the training front, moves have been made to upgrade both training in the industry's regional centres as well as in the technikons, which offer courses in production management.

Liaison with the technikon course directors has been improved to ensure that the courses meet the industries changing needs, and the CITB has arranged visits by leading overseas experts to keep the technikons abreast of new developments and trends, as well as putting a large sum towards training bursaries

Efforts are also being made to lengthen the time students spend working in factories from the present four weeks to 20 weeks

Another innovation, which has met with good response from the industry is a series of three-day seminars aimed at executives on various aspects of productivity and management

"We have a lot of homework to do," says Jocum "We must improve our productivity and technology in order to pay better salaries, and attract people to the industry"

In order to encourage individual firms to develop in-house training schemes, the CITB will provide training manuals, as well as advice in applying for the governments tax incentives

VZ82/12384/1

Crash probes differ

QUITO — Mechanical failure caused the plane crash in which Ecuadorean President Jaimes Roldos died nearly 15 months ago a parliamentary commission of inquiry has found

The commission overruled earlier findings by the Ecuador and US air forces that the crash was due to pilot error

President Roldos his wife and seven other people died when the aircraft crashed into a mountain on May 24 last year — Reuter

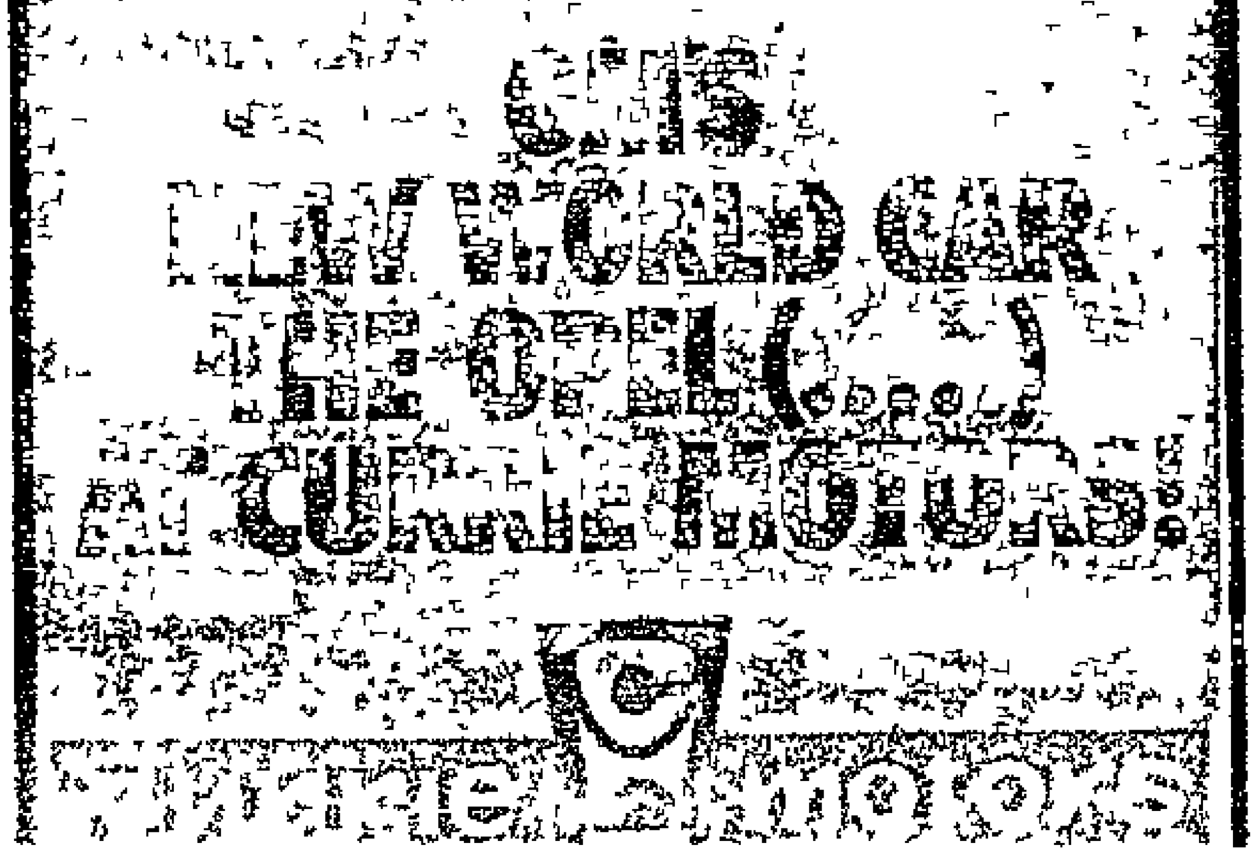
Tomorrow in The Star

EUGENE MARAIS, the Afrikaans poet, journalist and writer, had a long-standing feud with President Kruger. This little - known fact is divulged in a new book (in English) on his life. The first of a three-part review tomorrow . . . the poet versus the politician.

PROPERTY SPECIAL . . .
Because of the shortage of building society funds there will be a shortfall on white housing of 9 000 this year — or 750 houses a month

The Smit file

The Smits were brutally murdered at their Springs home in November 1977 shortly before the general election in which Dr Smit was standing as National Party candidate in Springs The murders remain unsolved, but police investigation continues



Star 13/1/82

Firms fined over overalls

184

Labour Reporter

Several employers in the Transvaal clothing industry have been fined in court this year for not providing new workers with overalls

An article in the latest issue of the Garment Workers Union publication Garment Worker says employers in the industry are obliged to issue two overalls to new employees within three months of their engagement

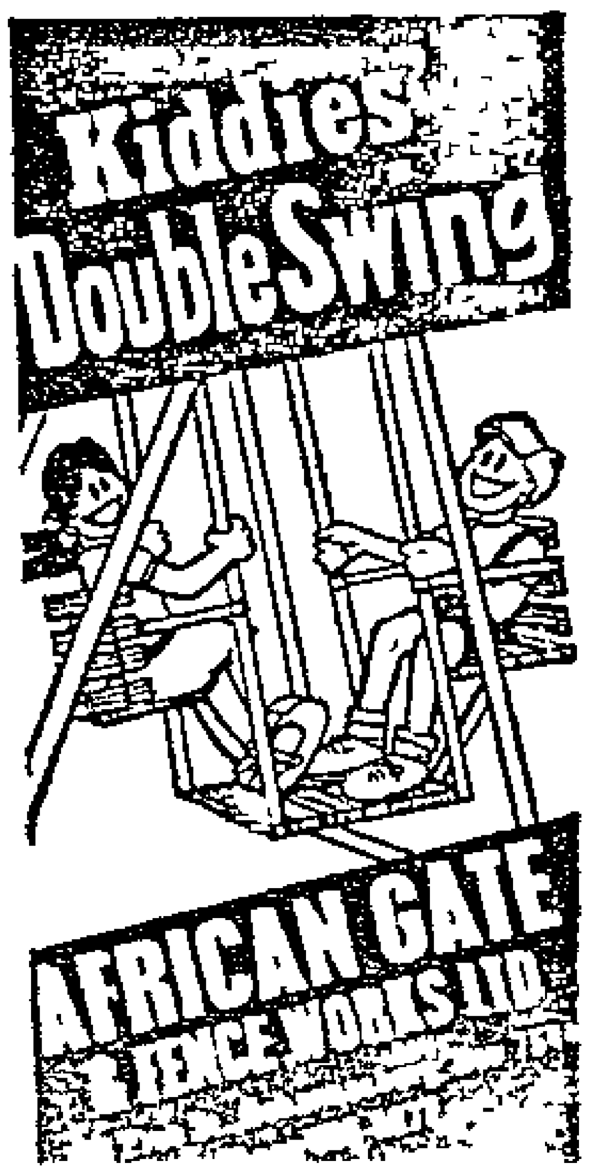
A women's clothing manufacturing firm in Johannesburg, Pasamill was recently found guilty of failing to provide the overalls The company was fined R353 for workers claims and another R100 suspended for two years

The article cites similar successful prosecutions of other employers, with fines ranging from R50 to R100 for admission of guilt

The firms are E James and Sons, Mayglen, Mutch to Much and Twiga Fashions

One firm Paradise and Cleopatra, paid R404 in worker claims and the Public Prosecutor withdrew the case.

The article adds that under the terms of the agreement for the Transvaal clothing industry, workers are obliged to wear the overalls while at work



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17 August 1982

(184) Industrial Week

Poor labour stifles SA rag trade

17/8/82

By Priscilla Whyte

TRAINING in the clothing industry is imperative because SA has a Third World labour force in an industrial environment.

"About 15% of supervisors are illiterate and 20% are semi-literate

In decentralised areas the proportion of illiteracy is much higher," said Frank Whitaker, director of the National Clothing Federation

Movement

Whitaker told Industrial Week "Labour is available in abundance in SA but there are shortages in the main centres because influx control prevents the free movement of labour"

It has been suggested that the industry should be decentralised for more than 10 % of the labour force is already decentralised

However Dr H Barker in his book, "The Economics of the Wholesale Clothing Industry 1907 - 1957 stressed that to attain a degree of efficiency the rural garment worker requires a greater amount of training and supervision than the urban worker, and the shortage of supervisory personnel is a handicap

Whitaker said the main deterrent against decentralisation is difficulty of getting management in remote areas

Labour for supervisory and lower management positions also presents problems

In the past these positions have been filled by immigrants

With the decline of the clothing industry in Europe technical and executive personnel are becoming more available, but recruiting them to SA is difficult because of the uncertainty about their obligations and those of their children in terms of the Defence Act

Technikons

Managerial training is being undertaken by the Technikons and the Clothing Industry Training Board (CITB) who run three year full time courses in clothing production management and clothing design

Peter Riches, regional training manager of the CITB said "Feedback from participants in our training schemes indicate that production has increased by 30 - 40 % and Waikato, the manufacturers of car seat covers and clothing reported a 60 % production increase but this is probably an exception"

ROH 18/8/82 184

'Militant' union wins recognition in Natal

Labour Correspondent

THE unregistered SA Allied Workers Union (Saawu) has won its first formal recognition agreement in Natal

The union has been recognised by a British-owned ink firm Coates Brothers at its Isipingo plant

The company was hit by a strike two years ago and talks between the two sides have been going on for some time

A joint statement by Saawu and the company says that both sides have affirmed their belief in "industrial relations and industrial peace"

The agreement is believed to be a precursor to further written accords between the company and Saawu

Saawu's general secretary, Mr Sam Kikine, this week hailed the agreement as 'a victory for both the company and the workers" He said Saawu regarded Coates Brothers as 'a progressive company"

Mr Kikine has appeared in court to face charges under the Terrorism Act after being detained without trial for some months He was then released on bail He was hospitalised during his detention

The company's managing director Mr G P Jordan said yesterday the agreement was "nothing momentous — it simply reflects the direction in which most employers are now moving"

He declined to elaborate further, saying the two sides had agreed not to enlarge on the statement

Saawu's strongest branch is in East London, where it is known to have won three recognition agreements

The union has been the subject of repeated official action, particularly in East London, and many employers in that area refuse to deal with it, claiming it is "too militant"

Saawu's president and vice-president, Mr Thozamile Gqweta and Mr Sisa Njikelana, are awaiting trial on charges under security laws and its East London chairman, Mr Eric Montonga, has been in detention for eight months

CLOTHING SHARES

Wearing a bit thin

FM 27/8/82 (184)

Even in good times the SA clothing manufacturing industry typically suffers from the effects of large imports, rising labour costs and what it claims are irritatingly inconsistent, poor-quality deliveries from local textile mills

When the economic downturn comes around, as now, consumer spending on semi-durables drops — particularly in the lower income brackets — adding to existing problems The ranks of SA's 1 200 clothing manufacturers, as a result, become rapidly thinned

Even at this early stage of the economic slowdown, this process has already started and a number of small — and some not-so-small — clothiers have already gone down The biggest recently was Cape-based Affinity, which was put into liquidation last month with debts of more than R2,25m

Just where does that leave the quoted majors? Are they likely to be as vulnerable as the smaller manufacturers, which come into the market quickly in an upturn but which fall by the wayside as the going gets tough? Or does their experience and size help them through these more difficult conditions?

Broadly speaking, in fact, the quoted manufacturers are reasonably placed financially to ride out the expected deterioration in demand Nevertheless, tighter economic conditions are taking their toll on corporate performance. Hosiery and blue jeans manufacturer Berkshire has taken it on the chin in the six months to July 2, with pre-tax profit falling from R994 00 to R594 000 The interim dividend has been cut from 11,5c to 7c, with dividend cover reduced from 3,3 times to 2,8

Even Seardel, the biggest manufacturer, has had its wings clipped, though chairman Aaron Searll places most of the blame on the Sharp electronics division The clothing, electronics, tanning and toy manufacturer showed pre-tax profit 18% up from R14,4m to R17,1m for the year to end-June, though turnover rose 70% to R310m (R183m) over the same period This, of course, includes the results of last year's acquisition of Dubin, but not that of Dugson, taken over in July.

The group decided not to push up dividends last year and, instead, cut the final for a maintained 36c total The reduced final, which has been a feature of the accounts of a number of other industrial companies recently, suggests that the harsher conditions caught Seardel and others by surprise and that at the interim

P.T.O

stage they had expected steadier growth for the full year

More to the point, these results are coming to the surface after only six months of the slowdown — hardly the opening sallies if some economic commentators are to be believed Results for the full year to end-June 1983 cannot be expected to produce much, if any, growth in dividends and earnings

The market appears to be fairly pessimistic on Seardel and rates the share on a 10,6% historic yield at 350c If there is further price weakness, as there may well be in this industrial share market, there could be good buying opportunities Buyers should be aware however, that dividend cover is not likely to fall from five or six times for some time to come and should be seeking capital appreciation rather than income

The dumping of cheap Far East clothing is a perennial problem Imports in 1981 were double those in 1980 The same trend was evident in the first few months of 1982 as foreign manufacturers — particularly in the Far East — searched for a home for their huge output with the rest of the world's economies remaining flat

However, government recently announced a new tariff structure (*FM*, June 18) which to all intents and purposes has done away with import controls in favour of *ad valorem* and formula duties The vice-president of the National Clothing Federation, Mike Getz, says the new tariffs will have helped to ease the position The weak rand, too, has been a boon

Nevertheless, one industry man says, even local clothing manufacturers have been trying to get on the bandwagon and have been importing goods on their own account and then selling them on to retailers

On the local market, as Getz sees it, destocking by retailers as a result of high interest rates and lower consumer demand has 'shifted the risk" back down the line towards the manufacturers Retailers now cancel orders much more frequently if, for instance, deliveries are as little as 24 hours behind schedule

Seardel chairman Aaron Searll says that forward orders are slowing down He expects volume sales may decline over the next year — even though, in his view, and for his product lines — clothing is more a necessity than a luxury He adds that his group has been on a drive for some time now to destock and to control debtors There has also been a slow shift away from those customers with long payment periods towards those willing and able to pay cash

He is supported by Rex True's Stewart Shub, who says retailers have been cutting inventories for as much as 12 months now and buying patterns have been much more careful Of course, there will come a time when new stocks will have to be taken in again, but it is difficult at present to forecast just when that will be

Shub also points out that one benefit of the economic slowdown will be that local textile manufacturers will now be operating below their capacity ceilings and, as a result, should be able more quickly and consistently to supply manufacturers with their orders

Battling to meet competition from the Far East

These two manufacturers are comfortably placed for the earnings slowdown Rex True, for one, kept its gearing down to an easily manageable 54% in the 1981 financial year and I believe there will have been little change in the year just ended The group's steady middle-of-the-road product lines, the quality of which has been proven world-wide by the volume of the group's export trade, should ensure that demand remains at least relatively constant

Seardel's Searll ... the biggest still score points

At 610c, Rex True shares yield an historic 7,4%, indicating that the market is expecting a dividend rise Unless the second half of the year has been disastrous an increased payout is probable, but even so the share is fully-priced

Seardel is not quite as well off, with borrowings significantly higher and gearing at 125% at the 1981 year-end This, of course, is one reason for the maintained dividend last year and the additional retentions will have strengthened the equity base

Searll says that the aim this year will be to consolidate — the group has just come to the end of a hefty expansion programme — and to at least maintain market share for the return of the better times

Rex True's advantages are supported by Getz, who believes that middle- to upper-income markets are comparatively less affected by an economic slowdown Overall, he says, he would be surprised if the middle-market fashion apparel manufacturers — which represents most of the quoted clothiers — are too badly hit by the economic slowdown

On top of that, he adds, the rising black market can be expected to take up a fair amount of slack in the short-term while in the long-term it may well change the pattern of demand in the market as a whole Certainly, it means that the 1982 downturn will be markedly different to that in 1977

The remaining quoted clothing companies are much smaller than Rex True and Seardel and have widely varying financial structures They all, of course, face the slowdown to more or less the same extent, though one or two are cushioned

Among the better yielders, Delswa could be a reasonable buy, having sufficient in the way of dividend cover to maintain last year's 70c payout Gearing is low for the industry and the group's name brands should maintain popularity even in tighter markets At 490c, the share yields 14,3% and is a reasonable offering

Progress, too, on the back of a steady first half, may be underpriced at 120c to yield 15% The directors said at the interim stage that the current six month period would be difficult However, the financial structure is good and dividend growth has been rapid since 1979 Cover of three times should allow for at least a maintained 17c dividend The interim dividend was boosted from 6c to 7c and was supported, the directors say, by the good liquidity and reserves position

The best potential yield, however, must be in Adonis which at 55c offers an historic 14,5% The group has been performing solidly since the late Seventies and the interim

P.O.T

performance indicates at least a small rise in the dividend at end-September. The company expects earnings of about 20c a share, indicating a dividend as high as 10c (8c) which would put the share on a prospective yield of over 18% There could be some capital appreciation in the share in spite of the poorer conditions ahead.

On the other hand, Veka's gearing is too high for an increased dividend to be assured and the share price reflects this uncertainty At 35c, the share yields 11,4% and is hardly attractive Niman & Lester yields 11,3% at 300c and even a moderate rise in the dividend this year to 40c would offer the investor a return of only 13,3% There are others in the sector which are better value

For the rest including TEJ, Ensign, and even the relatively large Burlington, trade in the shares is particularly small or dividend rises are out of the question

If Gerz is correct in his assessment, the clothing manufacturers may not be too severely hit by the current economic softness This is despite its being squeezed between rising production costs and falling retailer take-off Some of the shares offer good income and capital appreciation prospects

Scott Hawker

More juice for Appletiser

7/9/82

182 EOW

Financial Reporter

APPLETISER Pure Fruit Juices, a SA Breweries subsidiary, has acquired Johannesburg-based Fruitree for an undisclosed sum

Fruitree was a joint-partnership between Anglo American Farms and Tropica Products

According to an Appletiser statement, "it is intended that the Fruitree brandname be retained and that the existing companies continue to trade as at present"

It said that the takeover would create job opportunities rather than cause redundancies

The managing director of Fruitree, Mr Karl Kebert, said the combined operation would now have about 35% of the fruit juice market — previously, the two companies had about 17% each

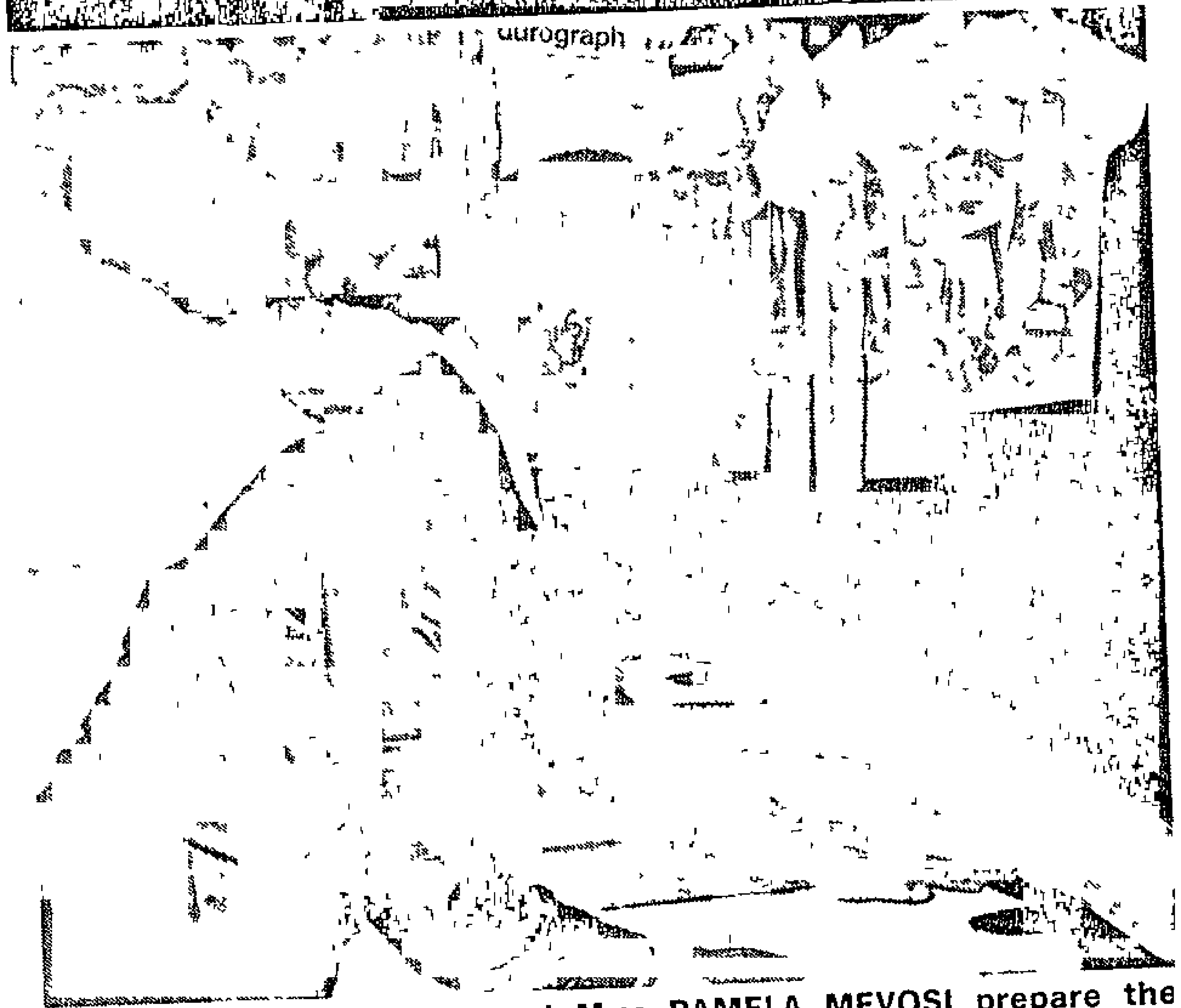
Also, it might lead to lower prices because Appletiser would be able to use Fruitree's local facilities, therefore cutting back on transport charges from the Cape

Women's World

Fun T-shirts and knits created at PE factory

184

How is it made?



Eurograph

Miss LINDA NTSILATANA and Miss PAMELA MEVOSI prepare the fronts of T-shirts for printing popular Morph cartoons, seen on the printed shirts hanging above the press.

By YVONNE STEYNBERG
Woman's Editor

This is the second in the series *How is it Made?*, in which WOMEN'S WORLD takes a look how articles extensively used by women are made in Port Elizabeth. Today we visit a factory making knitwear and children's clothes

MORE than 600 women are employed full time in a factory in Port Elizabeth where some of the country's top fashion knitwear is made.

In addition, underwear and kiddies' clothes are produced for distribution throughout the country

When I paid a visit to Valley Textiles to see how the many ranges of garments were made, I was in for quite a few surprises

First, all the processes necessary for the production of top-fashion knitwear are done right here in this country

The yarn is spun from acrylic or cotton material at a factory in Middelburg, Cape

The spun yarn is brought to Port Elizabeth where it is wound on cylinders and dyed in sophisticated pressurised dyeing chambers

"Unless it is a definite contract calling for wool, we seldom use it for knitwear," Mr David Lorrimer, production control manager said

Mr Lorrimer and Mr Douglas Murray, sales manager, were showing us through the large factory, where 650 women work on

transfers the pattern from the paper to the shirt — in full colour

After drying the printed sections go to the stitching department where the backs and fronts are joined and the sleeves set in

Babygro suits are also a popular line, and in this department the imported, leased machines which automatically press on the fasteners are intriguing, with skilled operators showing how experience counts in such precision work

But the knitwear departments were, of course, the drawcards

For plain jerseys or cardigans, the pattern sections are knitted in the correct shape, resulting in very little waste when making up, as usually only the neck has to be cut out

But when it comes to the more complicated dresses and suits, the cloth is knitted in strips, and the patterns cut out afterwards

This lends to more waste,

six months ago and now does the final inspection for a certain firm's knitwear orders

She was being assisted by Miss Rachel Geswint, who has more than 27 years' service with the firm

"I have always loved knitting at home, and after we arrived in this country and my husband started work here, I was fortunate to get this position," Mrs Wragg said

To eliminate as much waste as possible, Mrs Peta Doyle runs a small shop where knitted garments which have been rejected because of slight flaws can be bought

Run on the premises, the shop's overheads are low and prospective buyers can pick up real bargains

procte ... ager, said

Mr Lorrimer and Mr Douglas Murray, sales manager, were showing us through the large factory, where 650 women work on the various processes

The largest section is devoted to basic and fashion knitwear, with baby, children's and T-shirts making up a large proportion

A fascinating section was the kiddies' fun T-shirt department

Here large coloured pictures of Heidi, Paddington, Pinocchio and Disney characters are transferred to T-shirts

"We have to pay royalties for the use of these cartoon characters, and some are too expensive to be an economical proposition," Mr Lorrimer explained when I noticed that some characters were missing

The front and back shapes of the T-shirts are cut out and then a paper transfer is placed on the front section and pressed under steamed heat which

to be cut out

But when it comes to the more complicated dresses and suits, the cloth is knitted in strips, and the patterns cut out afterwards

This leads to more waste, and naturally also a price rise

Waste strips are usually sold in bulk as cleaning cloths

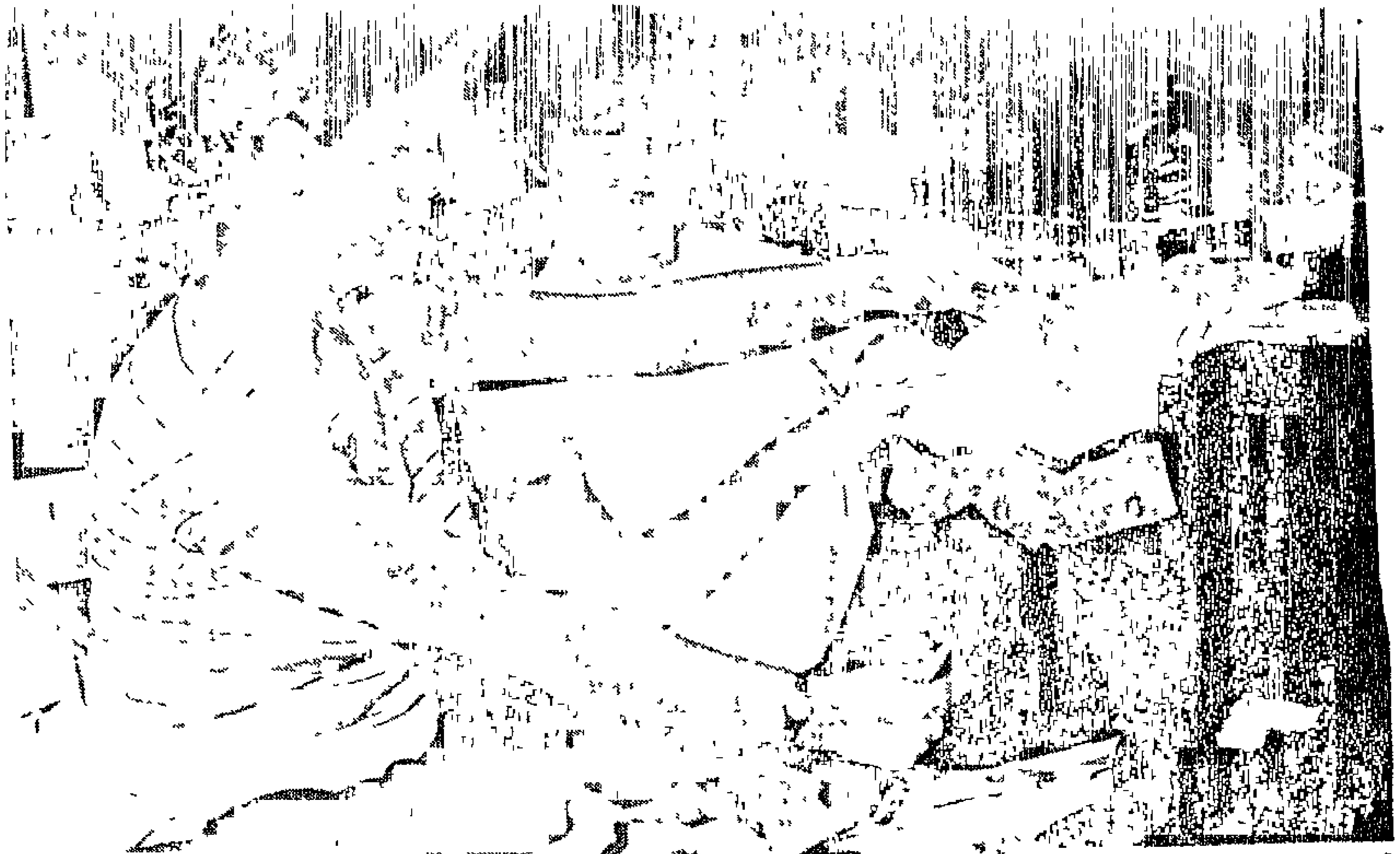
The knitted fabric is pressed carefully, and the patterns cut out

The pattern sections are again carefully pressed to eliminate any future stretch and stitched

Then each garment is scrutinised carefully to see whether it conforms to the specifications

Mr Lorrimer said the careful stitching of labels and the packaging laid down by the various firms accounted for a lot of working time

In one inspection department I met Mrs Janet Wragg, who arrived in this country from Derbyshire



Mrs JANET WRAGG (left) and Miss RACHEL GESWINT make the final inspection of a batch of knitwear designated for a countrywide chain store group.

NTERNATIONAL

CLOTHING 384

Tighter belts

FM 11/9/82

The clothing and textile industry has struck chilly times Textile sales for the 1983 winter dropped 12% on last year's figure to R416m And 1 000 of the 4 700 worsted weaving industry workers have been laid off

"There are prospects of more, very substantial lay-offs by the end of the year," says Textile Federation director Stanley Shlagman

Clothing manufacturers are faring somewhat better Their sales should rise from R1,1 billion to R1,3 billion next year, but in real terms this represents a levelling off, says John Lingenfelder, deputy director of the National Clothing Federation (NCF)

Clothing output for February-May 1982 was about R12m lower than the R450m for the same period last year, he says

And NCF president Hugh Yorke-Mitchell says capacity utilisation of clothing factories could fall from 93% in 1981 to 85% in 1982

"This winter we worked to capacity and delivered all our orders," he says "There must be a shrinkage in orders as we have just come from a red-hot period"

Retailers have so far had the least to complain about, although they admit that competition is harder and margins are under pressure

Against expectations, their winter sales for January to May 1982 were about R85m up on last year's figure of R997m And they are confident that summer turnover could better previous years', although the growth rate will probably slow down

Most are shelving expansion plans in favour of upgrading older stores Foschini and Hepworths have called in US design consultants to advise on their refurbishing plans

New clothing tariffs, based on a price and mass formula, have also hit retailers of imported goods They have been further hampered by the 10% import surcharge, although local manufacturers obviously welcome it

Small retailers which buy marked-up goods from importing wholesalers have suffered most as increasing costs are squeezing their own margins

Textile manufacturers will show off their latest ranges, for summer 1983/1984, at a textile fair in Cape Town this week Their order books could indicate prospects for the entire industry

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All answer b

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Subject
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EVERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has been answered), leave columns (2) and (3) blank

	Internal	External
(1)	(2)	(3)
3	57%.	
Examiners' Initials		

NOTI

1 ... of the block on this cover the number of the question you are answering

2 Blue or black ink must be used for written answers The use of a ball point pen is acceptable Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used

3 Names must be printed on each separate sheet (e g graph paper) where sheets additional to examination book(s) are used

4 Do not write in the left hand margin

1 ... pieces of paper or other material may be brought into the examination room unless candidates are so instructed

2 Candidates are not to communicate with other candidates or with any person except the invigilator

3 No part of an answer book is to be torn out

4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

RDM 30/9/82

Searll wants import controls

Financial Reporter

CAPE TOWN. — The Government appears to be heading towards the abolition of import control which could have serious repercussions for the clothing industry's cost structure and almost certainly create unemployment, Mr Aaron Searll, the chairman of Seardel, the country's largest clothing group warns in the annual report.

"The apparel manufacturing industry is extremely labour intensive and South Africa's critical necessity to provide adequate job opportunities for its developing labour force will accordingly be materially affected by this policy.

"This policy will inevitably lead to the manifestation of all those problems associated with and resulting from severe unemployment.

"Government needs to be constantly ware of the danger of not providing adquate protection for local industry from certain exporting countries in the Far East."

The report of the main clothing arm Desiree says that imports in its field last year doubled to R137-million and most of the garments were brought into the country at well below local price levels.

The price discrepancies were rooted in the South African infrastructure and up to now had been contained by a combination of tariffs and import control.

Once import control was abandoned the industry would be solely dependent on tariffs — a mechanism which has been proved inadequate both in South Africa and abroad.

The clothing industry held its price increases the past year to just under 10% against 9% last year in spite of the country's 16% percent inflation rate.

"The Consumer Price Index for clothing was approaching an inflation rate of some 15%. The substantial apparent cost of distribution was a matter for concern and both the private sector and government should look critically at these costs which were increasing at an alarming rate.

He emphasises that forecasting in the current uncertain economic climate is a somewhat hazardous exercise but he indicates that the group hopes to achieve a R340-million (R310 300 000) sales this year and pre-tax profits of R18-million (R17 100 000).

IRUSTS SHOW ARGE GROWTH

he value of the port- olios of five unit usts administered by anlam increased in ie September arter

Sanlamtrust reports t its portfolio in- eased by almost R13- lion from R47,4-mil- n to R60,1-million The ust also increased its vidend by 37,0 percent om 13,50c to 18,50c a

During the quarter the ust purchased 50 000 umat, 20 400 M & R, 00 Vaal Reefs and 100 West Deep shares d sold 90 800 Cokicor, 000 De Beers, 30 000 fic and 11 400 Libanon res

Sanlamtrust invested avily in gold shares with its holdings increasing from R248 500 to R1,4-million

The National Growth Fund's portfolio grew from R79,8-million to R100,7-million In the quarter NGF purchased 42 300 Abercom, 69 600 D & H, 25 900 M & R, 42 200 Tongaat, 19 050 Vaal Reefs and 15 400 West Deep shares

The value of S A Trust Selections portfolio rose from R27,0-million to R34,7-million while The Trust Bank Growth Fund's portfolio increased from R25,3-million to R32,1-million

The value of the Santamgro portfolio increased from R4,7-million to R5,1-million Shares purchased in the quarter included 23 000 Abercom, 26 000 I & J, and 37 000 S A Drug shares

SE ACTUARIES INDICES

	All market	Golds	Metals	Finan	Indus
TODAY					
12 00	695,5	623,9	259 7	569,8	649 9
CLOSE					
ct 1	693,2	615,7	261,1	572,4	650,8
t 30	688,1	603,7	264 4	585 4	650 7
t 29	701,2	627,4	271,0	586 4	651 2

FINANCE

Rex Trueform opens factory in Atlantis

ARGUS 4/10/82

(184)

REX TRUEFORM is building a large factory in Atlantis Industria in preparation for the expected upturn in the economy. It will cover an area of approximately 5 000 square metres and production is due to start in January next year.

This is announced by the chairman, Mr Stewart Shub, in his annual review

The new factory would employ about 200 people There are no plans to close any of the group's other factories

He says "We have confidence in the basic strength of the South African economy and in its long-term growth possibilities, and we firmly believe that the demand for our products will continue to increase

The Industrial Development Corporation is lending R2-million at favourable interest rates to help finance the factory

In addition, the company has bought a 4 000 square metre site near its factories and distribution centre in Salt River, which will be used to expand its distribution facilities

RECESSION

In the year to June turnover increased by 33 percent, but Mr Shub says it is important to note that this was achieved in a time of buoyant trading conditions

"It is well known that most of the important Western economies are still in recession and consequently competition in foreign markets is particularly intense

'Your company has, however, developed a fine reputation for reliability, quality, value and flair and has, therefore, been able to maintain its export volume even in these difficult trading conditions

"We remain convinced that the export of labour-intensive goods manufactured in South Africa must be a corporate and national priority

PRODUCTIVE

He says the incentives which have been granted and the encouragement which has been given have been productive, and it is important that industry uses all its efforts to take advantage of these incentives

'The opportunities that exist for competent companies are considerable and particularly so with the possibility that the Western world's economies might well move into a recovery phase over the next 12 months '

UNDER PRESSURE

Prospects for the coming year have to be considered against the present state of the South African economy, and in particular the high rate of inflation

Thus, while demand is likely to remain at a satisfactory level margins are likely to come under pressure and the need to contain borrowings is imperative

An all-out effort will be required by the powerful management team to maintain effective control of costs and improve productivity

Audrey d'Angelo

Tucsa completes wage deal

Sowetan 7/10/82

TWO unions affiliated to the more than 100 000-strong Trade Union Council of South Africa (Tucsa) have negotiated new wage agreements for garment workers in the Orange Free State and northern Cape.

According to a spokesman for the unions — the Garment Workers' Union of SA and the National Union of Commercial Workers — the new wage agreements, which start in October, are "a great improvement on previous ones in many respects".

Major changes include.

- three general increases in all wages in October 1982, May 1983 and November 1983
- an 18-month agreement. Previous agreements were for two years. This means wages can be updated again in a shorter period.
- large percentage increases in most minimum starting-wage rates (as high as 47% in some cases).
- women will now receive the same minimum wages as men.
- Heroes' Day (October 19) is now a paid public holiday.
- Provident Fund contributions have been raised to 2½% of basic wages. Firms must also pay the same amount.
- medical benefits have been improved.

Meanwhile, a new agreement has been reached in the Transvaal chemical industry, which gives workers an effective increase of 50 percent.

Emond (Kawasaki) 4 R Porter (Ducati) 5 F Hellyer (Kawasaki)

Superbikes Class B 1 J Thomas (Suzuki) 2 P Gray (Kawasaki) 3 P Smuts (Suzuki) 4 J Sneesby (Suzuki) 5 P Fleming (Yamaha)

Superbikes Class C 1 R Prince (Moto Guzzi) 2 M Ribeiro (Kawasaki) 3 J Chapman (Kawasaki) 4 D Abbott (Honda) 5 D Gaisford (Kawasaki)

Superbikes Class D R Gray (Kawasaki) 2 M Crawford (Honda) 3 K Zeemar (Suzuki) 4 B Hudson (Kawasaki) 5 P Smuts (Suzuki)

Lodge Spark Plug Group One Race 1 S van de Merwe (Cortina) 2 T Viana (BMW) 3 C Coetzee (BMW) Class T S van der Merwe Class U B van Noord (Mazda) Class V A Esterhuizen (Alfa) Class W L Parsons (Alfa) Class X P Lanz (Escort) Class Y E Sanders (Pulsar)

Star Modified Saloon Car Race 1 W Hepburn (Chev) 2 F Els (Volvo) 3 A Chatz (Datsun) Class A W Hepburn Class B B McKenzie (Ford) Class C A Chatz Class D C Clay (Datsun) Class E L Mare (Escort)

Mike Crawford, 1982 Superbike champion, said riders have long felt that run-off areas were inadequate, and would like something to be done

Riders were likely to have talks again with the racing authorities on this issue

Keith's brother Dave, who has won two championship crowns this year, said yesterday Kyalami had been designed as a car racing track and would never be totally safe for bike racing "But we all know that — we all know the risks we're taking, and we have to accept them"

dents in Sandton area

the Johannesburg General Hospital

● In a hit-and-run incident on Witkoppen Road in Sandton on Saturday night, a woman was knocked down by a speeding car

She was dead when the ambulance arrived soon afterwards

● A man was run over on the William Nicol Highway on the outskirts of Johannesburg He was found to be dead when the ambulance arrived

The spokesman said it had been a hectic weekend The Sandton ambulance depot had received 24 calls during Saturday afternoon alone, he said

Weather Mail

THE Weather Bureau's forecast for today —

TRANSVAAL — Cloudy and cool over the east with occasional rain, otherwise partly cloudy and mild to warm with isolated thunder showers, but scattered over the west

FREE STATE and CAPE north of the Orange — Partly cloudy and warm with scattered thunder showers, but only isolated over the north-east Free State, where it will be mainly cloudy and cool

CAPE south of the Orange — Partly cloudy and mild to warm over the interior with scattered thunder showers except over the west, where it wil be fine and hot. Along the coast it will be fine and mild to warm, but partly cloudy along the south and east coast areas

NATAL — Cloudy and cool with light rain in places and fog patches over the escarpment in the morning It will clear partly in the south later, where it will become warmer

Temperatures are Celsius maximums expected for each city

Rand Daily Mail Weather Station

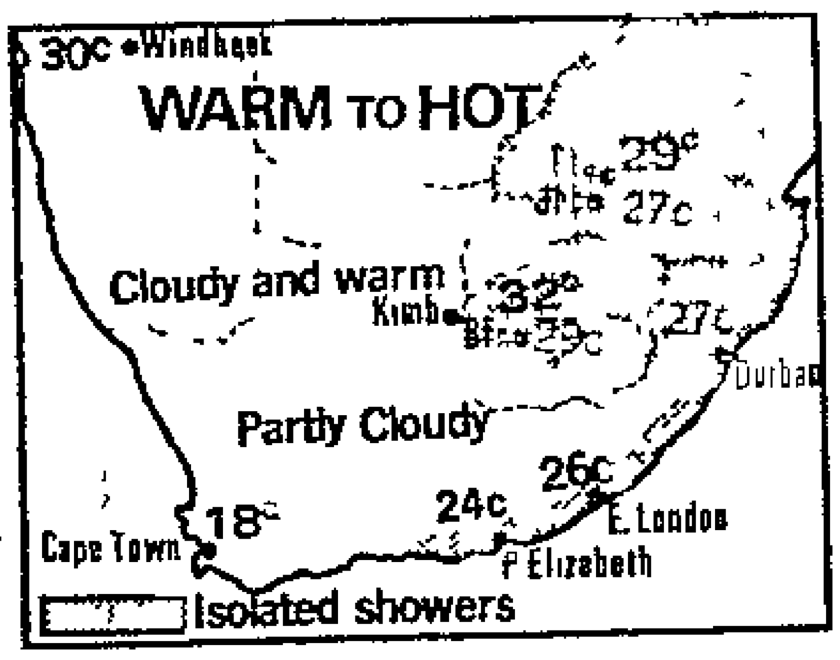
Sunday
October 10 1982
Temperatures

09h00	14h00	21h00
13°C	18°C	13°C

Humidity

90%	62%	78%

Max temp 19°C
Min temp 11°C
Rain 24 hours to 20h00 0,1 mm
Sunset today 18h12
Sunrise tomorrow 05h40



SOUTH AFRICA YESTERDAY

Temperatures at 14h00

	°C		°C		°C
Bloemfontein	23	Jan Smuts	18	Potchefstroom	22
Cape Town	23	Nelspruit	15	Pretoria	19
Durban	18	Pietersburg	21	Rustenburg	24
East London	19	Port Elizabeth	18	Skukuza	16

SOUTH AFRICA Hottest at 14h00 Upington 31°C Coldest at 08h00 Midelburg Cape 0°C

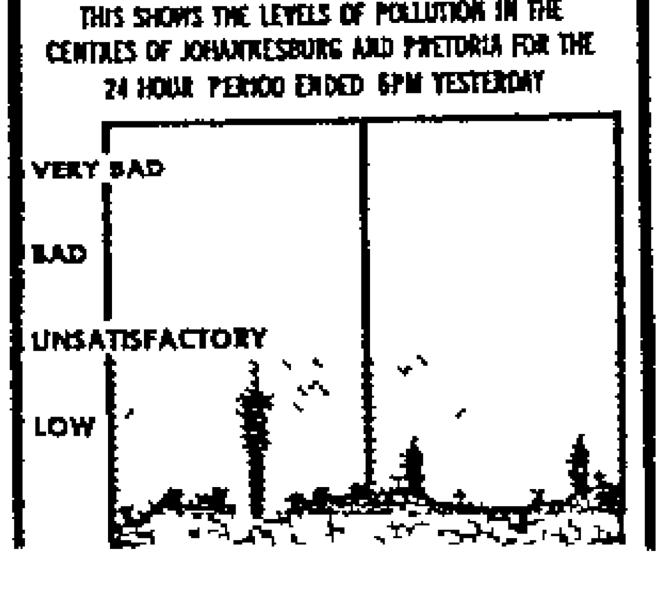
TRANSVAAL Hottest at 14h00 Rustenburg 24°C Coldest at 08h00 Standerton 7°C

THE WORLD YESTERDAY

	Min °C	Max °C	Weather
Amsterdam	6	12	Rain
Athens	18	26	Clear
Berlin	7	15	Cloudy
Brussels	8	16	Cloudy
Buenos Aires	12	21	Clear
Chicago	14	19	Rain
Hong Kong	24	28	Clear
Jerusalem	18	25	Clear
Lisbon	16	22	Clear
London	10	16	Clear
Los Angeles	17	30	Clear
Madrid	8	20	Cloudy
Miami	25	29	Clear
Montreal	8	11	Rain
Moscow	2	7	Snow
New York	14	19	Clear
Paris	10	14	Cloudy

POLLUDEX

THIS SHOWS THE LEVELS OF POLLUTION IN THE CENTRES OF JOHANNESBURG AND PRETORIA FOR THE 24 HOUR PERIOD ENDED 6PM YESTERDAY



Textile workers press for council

184

Mail Correspondent

DURBAN — The National Union of Textile Workers (NUTW) is to push for the formation of an industrial council covering all clothing and knitting factories in Hammarsdale

This could make the NUTW the first Fosatu union to join an industrial council since the federation's recent policy decision to join councils under certain conditions

Fosatu unions initially rejected the councils in spite of invitations to join from a number of employer bodies

The decision to move toward an industrial council was taken by hundreds of workers representing NUTW's Natal members at their annual meeting near Hammarsdale yesterday

Another resolution attacked the "very low wages" paid by Hammarsdale's clothing and knitting factories

"These wages are even lower than those set by the Government wage determination because the Department of Manpower has given these five companies an exemption from that determination," it said

Acting general secretary Mr John Copelyn said the determination laid down R18,50 a week as a fair wage but these companies had been allowed to pay R15,59

The workers resolved to ask Fosatu to help the union to attack the procedure for granting exemptions

Yesterday's meeting also agreed to call on Zimbabwe's Prime Minister Mr Robert Mugabe, to boycott yarn and fabric from Barlow Rand companies

Their action followed the firing of 1 000 workers at Barlow Rand's Veldspun International factory at Uitenhage after they had gone on strike in protest at lay-offs

Students from the University of the Witwatersrand recently compiled a booklet accusing the company, headed by the university's chancellor, Mr Mike Rosholt, of paying "poverty wages" and practising "brutal retrenchments"

Workers yesterday also called for the boycott of white shops in Uitenhage and suggested the shop stewards of other Barlow Rand companies should meet to plan joint action

MATTER OF FACT

rors of fact, write to the Editor at P O Box 1138, Johannesburg, or telephone the Editor's secretary at 710-9111 between 9am and 5pm on weekdays

If you have broader com-

Satan in songs, say W

Mail Correspondent

DURBAN — "Demonistic messages" such as "I will sing because I live with Satan" could be heard when some records were played backwards according to a speech delivered at a Jehovah's Witness convention which ended in Durban at the weekend

"Decide to smoke marijuana," was another message which, it was claimed could be heard when a popular 1980 hit was played backwards, according to the speech entitled, Beware Of Music That Debases, which was prepared by the Watchtower Bible Tract Society in America and read by Mr G W Sner wood at the convention

The speech did not mention the titles of the offensive songs, but said the technique was called "backward masking"

In the speech it was claimed many musicians — none were named — openly admitted their worship of Satan and the demons, and this demonistic influence often showed up in their music

Album covers depicting people dressed to look like witches, demons and devils, or pictures or drawings with a leaning towards the mysti-

Malan: SA won't be pulled into mess

UNDER no circumstances would the Government allow South Africa to be destabilised by hostile elements in the sub-continent, the Minister of Defence, General Magnus Malan, said last night

Gen Malan said certain states in Southern Africa were intent on destabilising the region — and wanted to drag SA into the same mess in which they now found themselves

Replying to accusations from certain countries that SA was playing a destabilising role in the sub-continent, Gen Malan said SA would lose the most in the event of instability in Southern African

Were this SA's goal it would not do so gradually (drupsgewys) It would destablise all of Southern Africa in one fell swoop

What SA was striving for was stability and economic growth, and certain countries such as Malawi, Swaziland and Botswana — although differing from SA politically — were prepared to co-operate economically in order to promote a common prosperity

Gen Malan said the lessons of Africa had shown that if a revolutionary war was lost, the result was chaos

Gen Malan said there was also a new realisation in the United States of the complexities of the South African situation and that this country had become a specific target of the Soviet Union because of this — Sapa

METRO MAIL

Santon plans to all illegal adver

THE Chairman of the Sandton Committee Mr Ricky Valente, tisers' signs in Sandton are a v law and the Council will be against offenders He said signs environment. "I will nail signs on trees in the area," he particularly complained about ingside He warned that any signs or posters on pavements signs to trees or street signs did vention of municipal by-laws. followed complaints from

Scrabble dabble

AFTERNOON sessions of scrat on Wednesdays at Patterson Pa Centre, 7th Avenue, Norwood A welcome For further informat Katz at 786-8645

Festival put off

THE International Military F started on October 6 at Ellis P has been postponed until Octob Steel, a spokesman for the or the decision to postpone the made because the field was suitable for the perfomance. T booked their tickets for the last them on October 16, and thos getting tickets now have a do so The festival was sche yesterday

Furniture show

AN EXHIBITION of furniture at Eastgate Shopping Centre from to 23 in the courtyard A shops will be displaying their room, garden, bedroom and furniture

St John's hall

ST JOHN'S Ambulance says report that the most noteworthy the year was the completion which, together with the ters, constitutes a comp solidated administrative said the hall's completion hassles was the return of many work by members of the and the staff at headquarters.

PFP can give PW co

Mail Reporter

NOW that the Prime Minister has opened the door to reform, he must go through it, and PFP voters can give him the message that he can do it with confidence, a PFP candidate said yesterday

litical situation must seem depressing for the Prime Minister, Mr P W Botha, especially in view of the Germiston by-election result where the National Party scraped through by a mere 308 votes

JY MPC . 4Y/4C .

S-Tribune 17/10/82

(184)

SA accused of undercover clothing deals

PHANTOM FACTORIES

Tribune Finance Correspondent in HARARE

SOUTH African clothing firms, particularly in Natal, have been accused of setting up dummy factories in Botswana and causing a rift in trade relations between Zimbabwe and its black-ruled neighbour.

This has led to restrictions on clothes imports

This week a quota of R2,1 million in imports from October to December was agreed on by the two governments. A quota for next year has yet to be decided

Zimbabwe Clothing Council chairman Raymond Shapiro says there are suspicions that many of the goods are coming from South Africa and the Far East. This is to be investigated

However, firms contacted by Tribune Finance this week claimed only South Africa was to blame

A manufacturer in Harare said "We have definitely established that in men's clothing South African firms are making the clothes, particularly underwear, and then drawing up documents to declare Botswana as the country of origin."

Another firm told how it had tried to contact supposed manufacturers in Francistown

"There were no such businesses," said the spokesman. "It was as if ghosts were turning out the clothing at a phantom factory. We made enquiries but were met by a wall of silence. We did find out that most of the materials were coming from South Africa, although no-one could explain how it was made up in Botswana."

Ironically the clothes in Zimbabwe shops from Botswana are often much more expensive than those produced domestically. But the quality of the cloth is far better and customers are prepared to pay rather than make do with their inferior local material

Manufacturers claim that the higher prices are a sure sign of South Africa's involvement

Although no names of South African firms have been mentioned, Natal has been cited as the main base of supply

At stake has been the unlimited market in Zimbabwe for any goods coming from Botswana. These did not need import licences and were not subject to quotas as is the case with South African exports with Zimbabwe

But the president of the National Clothing Federation, Hugh York-Mitchell told Tribune Finance Editor Mike Peirson in Durban this week that however indirect the implication might be about this kind of trade, it was completely erroneous

"In fact the trade flow is completely in the opposite direction," he said, "and the figures given by government under the heading 'unspecified countries' which we know incorporates Zimbabwe-to-South Africa trade proves this point."

He said these figures showed that in January to March 1981, 1,9 million units worth R5,4 million were imported into this country. The total figure for 1981 was 15 million units worth R26,3 million

The figures for this year have risen quite significantly so far and for January to March show an import of 2,5 million units worth R7,4 million

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4 Do not write in the left hand margin

3 No part of an answer book is to be torn out

4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

E Post 26/10/82

EL clothing factory gets big contracts

E Post.

184

A CLOTHING factory located at Fort Jackson, near East London, is to benefit from two contracts worth some R6 million recently awarded to Thrustor Industrial Products (Pty) Ltd

The bulk of the contracts — for the supply of protective clothing to the SWA Administration and Police — wil be supplied from Thrustor's new R3-million factory at Fort Jackson Certain items will be supplied from the smaller Sada factory, near Queenstown

Annoucing the contracts, the group executive chairman and managing director of Thrustor, Mr Rod Davidson, said that the orders followed an announcement during August that the company had received a large order for the supply of specialised flame-resistant clothing to Iscor

The company also recently announced its intention to export ladies' and children's wear to Briotain, a departure from the company's usual line of business, which has until now been exclusively in specialised and protective wear for the military, paramilitary and industry

Mr Davidson said Thrustor now had in excess of 80% of the total garment business for the South West Africa Police and Administration

R33-m PAY RISE

15 percent more for city clothing workers

Argus 3/10/81 ~~135~~ 184 ~~346~~

By TOM HOOD

A PAY deal will put an extra R33-million in the pockets of Cape Town's 58 500 clothing workers next year.

Mr A M Rosenberg, chairman of the industrial council for the Cape clothing industry, announced today that workers in 372 factories will get a 7,5 percent rise in December, followed by another 7,5 percent in the first pay week of July.

The increases start from the beginning of the December holiday period, and will be included in holiday pay.

They take the Cape industry's yearly wage bill to about R140-million.

Mr A M Rosenberg

Starting pay for a learner will go up to R25 from R21 a week, and compares with R17,50 in Johannesburg and R20 in Durban

The minimum for machinists — the biggest group rises from R37,10 to R40 in December and R43,80 in July

No adult will be paid less than R30 a week

Mr Rosenberg said 'The infusion of over R33-million during 1982 will have a markedly beneficial effect on the economy of the Western Cape, offsetting in part the decline in income of the agricultural sector'

Talks

Asked if higher wages will push up clothing prices, he said 'Internal competition and the regrettable increase of imports of clothing will mitigate against any sharp rise'

The rises follow weeks of negotiations between the Garment Workers' Union and the two employers' organisations, the Cape Clothing Manufacturers' Association and the Cape Knitting Industry Association.

A move to end wage discrimination between men and women doing the same jobs — for example, machinists — is also being made by the industrial council, which has appointed a committee of employers and workers to examine the numerous adjustments and alterations needed.

● The general secretary of the Garment Workers' Union, Mr Louis Petersen, said the union was 'quite happy' with the increase.

'Our demand was for an increase of about nine percent and what has been granted is quite close to the mark.

NPI slates clothing management

By Derek Tommey, Financial Editor

Cas Argus 30/10/82 (184)

THE National Productivity Institute, which is dedicated to making South Africans more efficient, has both bouquets and brickbats for the clothing industry in its 1982 productivity survey.

It reports that productivity in the industry has risen in recent years But the level of productivity remains low and much could be done to it if the industry had better management

In particular it says the lack of properly-trained personnel management is a serious handicap to greater productivity

The improvements in productivity in the industry in the past three years have benefited both the consumer and the manufacturer

Clothing prices increased at a slower rate than the increase in the cost of resources employed while there was also an improvement in profitability

However much of the benefits flowing from the productivity gains accrued to workers in the industry

Improvement

Between 1979 and 1981 the average annual increase in labour productivity was 4 38 percent, while there was an improvement of 4,28 percent in material usage and an improvement of 7 84 percent in other costs

But the efficiency of capital employed declined by an annual average rate of 1,76 in the three-year period

There was a general shortage of skilled and qualified personnel at management technical and supervisory levels

The NPI says personnel management is still a neglected area and a more professional approach here could assist the clothing industry to alleviate most of its human resource problems

20 companies

In the 20 sample companies representing a cross-section of the industry not more than six people from three companies were formally trained in personnel management or training management

At most companies the main function of personnel management was the recruitment of workers dealing with personal problems wage queries and the general welfare of staff

But little time was formally spent on personnel management aspects such as industrial relations job descriptions, job evaluation, performance appraisals and manpower and career planning

Turnover

Labour turnover in the Cape recently was running at 53,5 percent against 57 percent in 1975

In Natal it was 43,8 percent (41 percent) and the Transvaal 29 8 percent (19 percent)

In the textile industry, where the personnel and training departments had been upgraded, labour turnover had dropped from 65 to 29 6 percent

Absenteeism in the clothing industry in the Cape Province was about 7,5 percent, compared with 4,7 percent in 1975

In Natal it was 4,7 percent (3 8 percent) and in the Transvaal 7,3 percent (7 7 percent)

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New deal provides big increases for clothing workers

Mercury
9/11/82
~~135~~ 184
~~723~~ 3446

Labour Reporter

MORE than 40 000 clothing workers will receive wage increases of up to 96 percent in terms of an agreement signed by the Natal Industrial Council for the Clothing Industry yesterday

The agreement, signed by the Tucsa-affiliated Garment Workers' Industrial Union and the Natal Clothing Manufacturers' Association, replaces the old agreement which was due to expire at the end of this year

It covers all clothing factories in the magisterial districts of Durban, Pinetown, Pietermaritzburg, Inanda and the lower Tugela

Women, who constitute the majority of employees in the industry, will receive substantially higher wage hikes than their male colleagues due to the removal of sex discrimination in the wage agreement.

Qualified female clerks, who up to now have been paid R39,25 a week, will shoot up to R70 at the begining of next year and then up to R77 in 1984 — a total increase of 96 percent.

The wages of male clerks accordingly will rise to R77 over the period of two years from R59,60 — an increase of 37 percent

Skilled machine operators and pressers will have their wages increased to R55 over the two years This will mean an increase of 52 percent for women and 30 percent for men

Millions unclaimed in funds for workers

Mercury 11/1/82

184

Labour Reporter

MILLIONS of rands have accumulated in provident funds round the country because of members' failure to collect their money, and fund officials say they don't know what to do about it

Provident funds were formed by industrial councils in a number of industries to provide assistance for workers when they reached pensionable age

Unlike pension funds, they require small subscriptions — about 50 c a week — and pay out a lump sum when an employee leaves the industry

But thousands of workers every year fail to collect their money which, after a short period, is forfeited either to the fund or to the industrial council.

Mr J H Thomas, the general secretary of the Industrial Council for the Clothing Industry (Transvaal), said each year about R60 000 was not collected from the provident fund 'largely by people who have worked in the industry for a couple of weeks and then thrown it up'.

Large amounts

'The individual amount not claimed by a worker is usually very small but occasionally we come across amounts of R600 to R700,' he said

All the provident funds contacted by the Mercury sent off notices to the members' last addresses, placed adverts in the local papers, sent lists to the various factories and, in one case, on printed reminders to members on every pay envelope But the lists of unclaimed money grew every year

Mr Thomas said the fund often had problems tracing a member because employers did not register a worker when he had worked for a short time in the firm 'and in their records he is down as "John" with no address'

Left

Mr Mark Ansell, secretary of the provident fund for Natal's clothing industry, said about 2 000 people a year left the industry without collecting their money

He said the problem was much more noticeable in the clothing industry because it had a 'fluid' workforce with about 9 000 workers 'coming and going every year'

According to the general secretary of the Textile Workers' Industrial Union, Mr Norman Daniels, the problem could be located in the waiting period prescribed by most provident funds

The funds usually laid down that members could not withdraw their moneys until a year had passed from the time they have left the industry

Mr Daniels said black workers tended to leave the industry and go back to their farms and it was thus difficult for them to come back to collect their money.

SOWETAN, Friday, November 12, 1982

(184)

Unions agree to new wage deal

THE Garment Workers' industry has announced new wage structures for nearly 55 000 workers in Natal which will come into effect from January next year.

New scales leading to pay hikes of up to 66 percent will also be adjusted and implemented in 1984 They were agreed to by the Garment Workers' Industrial Union, a Tucsa affiliate in Natal, and the Durban-based Clothing Manufacturers' Association

Wage disparity based on sex has been eliminated, according to Mr Freddie Hansa of the union A sting in the tail of the deal has been an increase in the fringe benefits comprising the provident and sick funds which have been upped by as much as 70 percent

In terms of the new wage structure

- A head cutter, now earning R90,85 a week, will earn R115 in January, an increase of 27 percent, with a further increase of 12 percent bringing his pay to R126,50 in 1984,
- A cutter and trimmer earning R46.65 weekly will get R60 in January, an increase of R13,35 and a further increase of R10 in 1984,
- A foreman, chargehand and supervisor presently earning R51,10, will get R85 next year and a further R10 in 1984, an increase of 66 percent,
- Qualified male clerks earning R56.60 and their female colleagues who earn R36,25 will earn R70 next year, an increase of 78 percent for the women
- A qualified grade one male machinist earning R42,40 and women earning R36.30, will all get R50 weekly from January next year.

Workers in the industry who are not covered by the agreement, which excludes areas outside Durban Pinetown, Inanda, Lower Tugela and Pietermaritzburg, will have their plight negotiated at a later stage according to the union

Mr Hansa said the Garment Workers' Industrial Union (GWIU) was reasonably pleased with the wage negotiations He felt the increase would be widely welcomed by members considering a number of factors which militated against substantial increases

Rise for clothing workers

By MAUREEN BARNES

CLOTHING workers in the Cape Province can look forward to a fatter wage packet this Christmas after new increases were announced yesterday

On December 13 the minimum wage of a clothing worker will increase from R42 80 per week to R48.50

In addition the apprenticeship period has been reduced from three years to 2 years and other fringe benefits will include increased contributions by employers to the provident fund extra meal allowance for workers on overtime and increased transport allowances for workers on Saturdays

Mr L Petersen general secretary of the Western Province Garment Workers Association said he was satisfied with the increases which followed a week of Industrial Council meetings between the W P Garment Workers Union the Cape Clothing Manufacturers' Association and Cape knitting manufacturers

A major breakthrough has been the inclusion of country areas in the agreement

For the first time agreement has been reached for workers to receive bi-annual pay increases instead of the previous annual increase

In July, 1983 the minimum wage will rise to R51.50, in December 1983 to R54 and in July 1984 to R56 00

Rise in pay for clothing workers

CAPE TIMES 15/11/82

184

Labour Reporter

THE minimum wage rates of 62 000 Cape clothing workers are to rise on December 13, according to an industrial council agreement signed on Friday

Mr Alec Rosenberg, chairman of the Industrial Council for the Cape Clothing Industry, said the increases would put an extra R9 million into the pockets of clothing workers

"The rises vary among the industry's several hundred job definitions, but machinists — the largest group of workers — will go from R42,80 to R48,50 a week, an increase of 13,4 percent

This is the second increase this year, following a 7,5 percent cost-of-living rise in July

"Provision has been made for further increases at six-monthly intervals over the next two years," Mr Rosenberg said

He said holiday pay would be calculated at new rates, but end-of-year bonuses were not covered by the agreement and would depend on individual factories

Agreement was reached after months of negotiation between the Cape Clothing Manufacturers Association, the Cape Knitting Industry and the Tucsa-affiliated Garment Workers Union of the Western Cape

The Cape agreement follows rises of up to 96 percent announced last week for the 40 000 clothing workers in Natal

Clothing workers win uniform wage rates

ARGUS 16/11/82 184

NEW minimum wage rates negotiated for clothing workers in the Cape are, for the first time, the same in the country districts including Atlantis, Malmesbury and Darling as in the city

Mr L A Petersen, general secretary of the Garment Workers Union, said "There used to be a lower rate for the country districts. But we have managed to raise this to the same level as the city because so many new factories are opening there and firms are moving out"

Mr Petersen said he was very pleased with the new agreement which has raised machinists' wages by 13,4 percent from R42,80 a week to R48,50

Three further increases, at six-monthly intervals, will raise the minimum wage for a machinist to R51,50 in July, R54 in December and R56 the following July when negotiations will start again

Other increases vary according to job categories.

Mr Petersen said he thought the agreement the best that could have been achieved in the present state of the economy It came very near to the union's demands

"VICTORY"

It had been "a major victory" to have the Christmas holiday pay packets and end of year bonuses calculated at the new rate

The new agreement includes a higher contribution by employers to the provident fund, from 30c to 50c, and an increase in the Saturday bus fare from 40c to 75c

Sick pay has also been raised, from 40 percent of wages to 52 percent

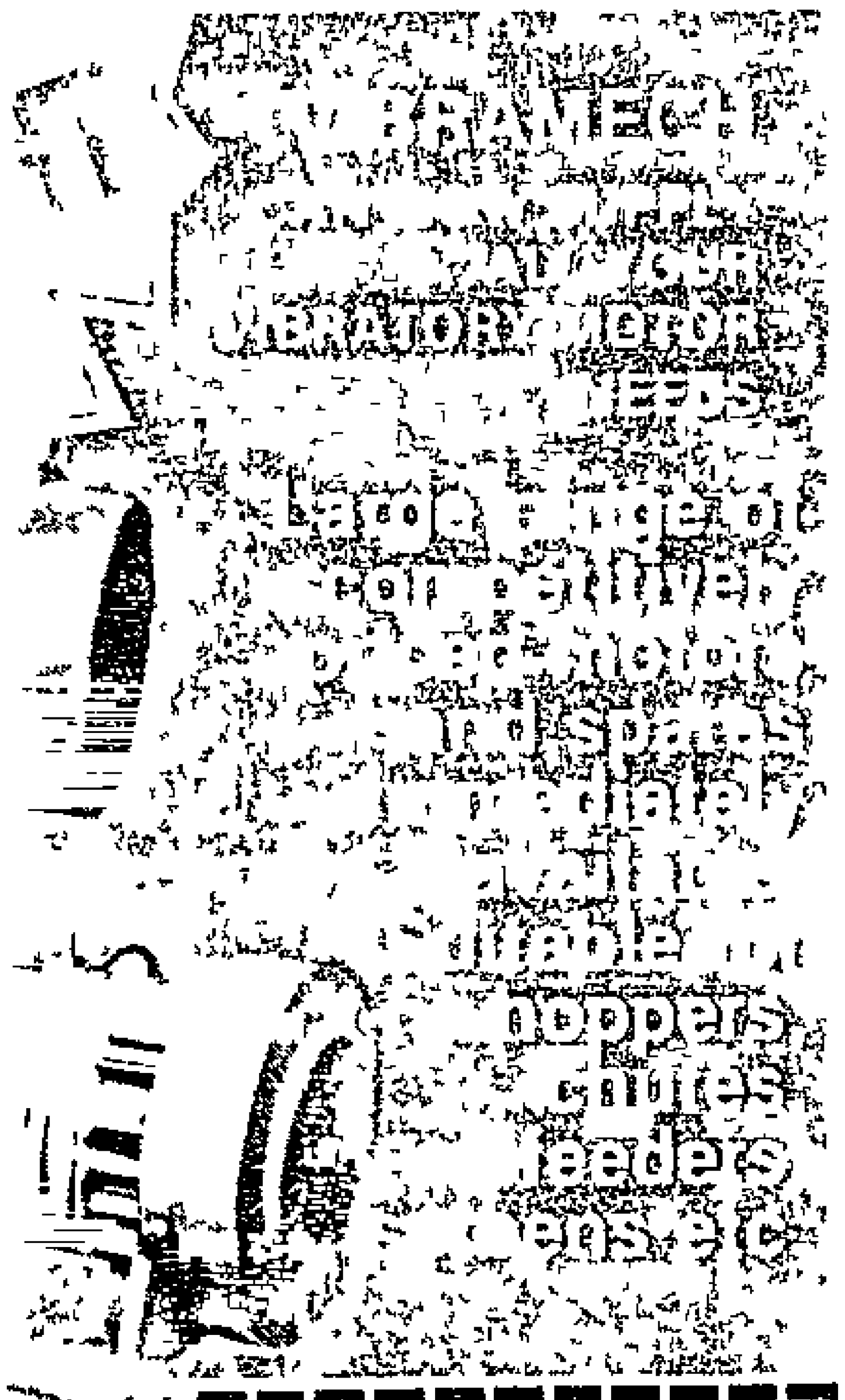
up attack
SA market

...ee of the ...sited in ... in the ...bruster ... Week ... Union's ... with a ...85, had ...ed heavi... services ...ent com...pound ... recent ... the lo...kept the ...pany at

"We now have fully fledged departments covering all aspects of plant contracting, including specialist services.

Armbruster added that his company had opened up a process engineering department.

Among its major projects is a fertiliser ammonia plant for Omnia at Sasolburg, a chlorine dioxide plant for Sappi at Ngodwana.



panies now look all set to review premiums

rates ... companies It is unlikely

Industrial Week 184 16/11/82

Union stalls health probe

From Page 1

Braitex MD, Dr Roso chscki, could not be contacted for comment at the time of going to press.

Meanwhile the Fosatu Workers News has urged members to take cognisance of "Cotton Dust Kills" and reiterated the six demands made in the booklet.

- Workers' lungs must be tested.
- Only the union's doctor should do the test. In this way, workers will be sure that they will be told the results and that they will not be used against them.
- Dust levels in the factory must be measured and shop stewards told the results.
- Efficient exhaust ventilation machines must be provided to reduce dust in the ... The union should ... expert advice on this matter.
- The machines and factory should be cleaned with a vacuum cleaner and not with compressed air and by sweeping.
- Workers affected by brown lung should be moved to dust-free departments and they must not be dismissed.

Fosatu Natal regional secretary, John Mawbey told Industrial Week that the campaign has not progressed very far.

"Obviously this is the first stage of the campaign and we are trying to find out how serious the problem is."

interest and thereby offset underwriting

Neal Helps, group engineer of Sten house, Hogg Robinson, international insurance brokers ag... reed with Wiblin.

Aubrey Wiblin.

"Premiums will start to edge upwards towards the premium levels the industrialist was paying a few years agom," he said.

He said that accident insurance (exluding motor vehicle) is one of the few commodites, which has come down by 30 to 40% in the last three years.

Extremely competitive conditions are prevailing in the broking of the R800 R1 000 million a year short term insurance industry, according to Wiblin.

Brokers control about 85% of the premiums generated from short term insurance.

... back ... across State line.

Versatility

"We saw ... the name of the ... as carriers ... the sort of s... ...ated equipment, ... will enable ... to transport wide varieties of cargoes."

He added that the emergence of the smaller operators offering an efficient custom service, has stimulated a price war, and contractors are knocking hard on the doors of ... private or in house carriers, as they prove themselves more efficient and cost effective.

"Many people argue that the h...iers will only travel ... more profitable runs, but right now the competition is fierce and hauliers will grab anything they can get," said ...

Clothing chief slates unions

1384 Industrial Week 16/11/82

By Priscilla Whyte

THE recession would have hit the clothing industry sooner had the Transvaal Clothing Manufacturers' Association (TCMA) 'succumbed' to demands for minimum wages.

Terence Kinnear, president of the TCMA said at his association's annual general meeting "Had we succumbed to the minimum wages asked for (by the Garment Workers' Union and the National Union for Clothing Workers) we may have seen this recession in our industry a lot sooner"

Kinnear told Industrial Week that wages had increased from R33 to R42 in July – a 27% increase

A further 7½% increase is due in January and another 7½% in July 1983

Kinnear said that the clothing industry expects a negative growth rate of 2% for 1983 but hopefully an upturn from the latter part of 1983 into 1984

He said that negotiations with the unions were "hampered by certain TCMA members who were forced to give increases through illegal strikes"

Some TCMA members gave staff increases voluntarily, which made official negotiations on wages "even more difficult" he said

Kinnear made a formal plea to his members to give their full cooperation so that negotiations in future could be made as easy as possible

He noted that wage levels for the clothing industry in the Transvaal are in line with Natal and the Cape and added that the "fringe benefits' paid to workers in the Transvaal far exceed those paid in the two other provinces

The most noticeable outcome of the TCMA negotiations with the trade unions is an increase in provident fund contributions by both parties

Terence Kinnear . . . negotiations were hampered.

Instead of 1%, 5% of weekly wages is now being contributed

Kinnear said that some TMCA members have not been forthcoming with information to bolster official TMCA representations to the Board of Trade in its argument against protection of fabrics not produced in SA

Nevertheless the application for an increased duty on imported clothing was granted

Kinnear reiterated the appeal made by the Minister of Manpower, Fanie Botha, to industrialists not to offset wage increases by increasing prices

Botha called for management to increase productivity and "fight the wild animal called inflation"

UNION STALLS HEALTH PROBE

Industrial Week 16/11/82

~~1~~ ~~1~~ 184

A NATIONWIDE campaign to warn textile workers of the threat of "brown lung" disease is in danger of faltering as managements and the National Union of Textile Workers (NUTW) continue to bicker over "medical ethics".

Suspicion is rife

Staff Reporters

The booklet, "Cotton Dust Kills", was written by Dr Neil White of the Health Care Trust and Braitex

The management of the factory refused Dr White permission to

on us without our permission We don t know this doctor and we are suspicious of him

They have decided to sign a petition "telling' their management that they will only have more tests done on them if the union agrees to accept the doctor involved

As the bickering continues, workers are said to be in very real danger from the killer dust which causes brown lung

A cotton factory manager who does not wish to be named told Industrial Week that the union is being unreasonable

"They seem to be

Is she at risk? A worker tends her fibre blending machine in a Transvaal textile factory oblivious of the row that is brewing within the industry. Workers at some factories on the Reef have refused to allow company doctors to examine them claiming that they fear dismissal if found to have the dreaded "brown lung" disease which unions say is caused by contact with cotton dust.

in danger of faltering as managements and the National Union of Textile Workers (NUTW) continue to bicker over "medical ethics".

Suspicion is rife among NUTW members as cotton mill owners seek to bring in company doctors to examine workers for incidence of the disease which is said to be caused by cotton dust

Workers have refused to be examined and insist that union-appointed doctors be used

The NUTW, in conjunction with Fosatu's health and safety committee, have published a booklet telling workers about the disease

published by the Centre for Allied Legal Studies of the University of the Witwatersrand

Dr White was flown from Cape Town by the union to conduct tests at a Springs factory, conduct the tests and brought in their own doctor

The workers rejected the company doctor saying "Who does this doctor think he is? He can't come and do tests union agrees to accept the doctor involved

As the bickering continues, workers are said to be in very real danger from the killer dust which causes brown lung

A cotton factory manager, who does not wish to be named told Industrial Week that the union is being unreasonable

"They seem to be taking a very dogmatic stance over the issue

"Why should we allow their doctors on our premises when our own medical men are at hand?

"Workers' claims that we will use the results of the tests against them are nonsense

"The whole furore is reminisant of a scene from the Middle Ages with the big, bad management cracking the whip over the dogsbodies"

To Page 2

Clothes prices set to rise

184

Mercury 19/11/82

Financial Editor

CLOTHING prices must rise because of wage increases, electricity and rail rates and clothing manufacturers face a gloomy year, Mr Hugh Yorke-Mitchell, president of the National Clothing Federation, said in Durban yesterday.

The cost of the raw material is rising, domestic markets are sagging and export markets are losing their competitive edge

'The Stellenbosch economists expect the clothing sector to fall by four percent in real terms next year while the whole economy will record a negative 0,9 percent growth rate,' Mr Yorke-Mitchell said

He felt that the answer lay in a long-term export programme But with British clothing inflation only rising by one percent in each of the past two years, it would be difficult to remain competitive

This compared with a ten percent rate in South Africa

He said manufacturers could not look to import control to keep out cheap imports

The major problem was textile costs — about 50 percent for clothing companies Textile companies had done very well in the past few years But with orders falling and the need to export, the textile manufacturers would have to reduce their prices to encourage business

He called on the Government to give a dispensation for goods that would be exported

The Government was moving towards a much more open market. The textile sector could not hope for greater import control and duties, rather less

'Our industry is going to have great difficulty in maintaining turnover in real terms in 1983 and we will not be in a position to pay higher prices for our inputs'

He went on to criticise the textile industry which had applied for massive new duties on woven and knitted textiles and without waiting for the result was asking for 'even higher duties' on corduroy and georgette (which is not made in South Africa) and the withdrawal of rebates on woollen tweeds where 'supplies and service are minimal'

He warned that if duties were increased local prices of fabrics would rise because of the 'oligopolistic nature of the textile industry' and in the current climate clothing manufacturers were not able to pass on the increases

There was a dreadful muddle with textile deliveries' — this was understandable in the hectic period of 1980 but now business had levelled off and the problem persisted

Clothing manufacturers had found it better to import material to ensure their deliveries to retailers who were becoming increasingly critical of delays and 'only too ready to cancel where sales are under downward pressure'

Textile manufacturers were criticised for diversifying into materials like corduroy which only had a short winter season

'Most of the investment will be tied up in stocks and this will cost a lot in interest charges'

If the tweed rebate is withdrawn another small winter fabric plant is likely 'which cannot be economic'

Mr Yorke-Mitchell said that the call to the textile sector was 'greater reliability, not higher prices'

Yuletide TV will be tough going

By IAN REID
TV Editor

IT IS going to be a tough Christmas this year — all thanks due to SABC TV

Yesterday the corporation released its ... Christmas programmes, and while the majority of Christians may feel that December 25 is a time for rejoicing, the corporation feels that this is a very serious occasion indeed

Here now are some of the "festive" programmes which will be coming your way — and the only advice I can give to you is 'duck'

For instance at 8 40 on Thursday, December 2? comes "Johnny Cash Christmas in Scotland" featuring this ageing Country and Western singer

Come Christmas Eve ... SABC-TV will be broadcasting (at 6 13) 'Praise The King' a semi variety programme in which showbiz personalities such as Sonja Heroldt and Noel Clover appear and also give short Christmas messages This is followed by "Christmas in Germany

Then comes 'Shari's Christmas Concert', with Shari Lewis at the National Art Centre chatting and singing with her "friends" Lambchops, Captain Person (Kangaroo) and Country Cousin Grizzly

Stand by for Christmas Day itself with "Die Fabriek" at 7 20, a dubbed French film, a Dickensian-type story about a father and his three sons working in a factory under slave conditions to make a living

On the English Service comes at 8.25 "A Gift to last Christmas Special", starring Melvyn Douglas as an embittered old man who lives with his son s family, but prefers the seclusion of his bedroom to the hustle of a modern-day Christmas celebration

This is followed by "Corelli-Weinachtmusiek'. Then comes "On the First Day of Christmas' — a local production that suggests that beneath the glitter, and beyond the clash of cash registers, there still lives a Spirit of Christmas potent enough to redeem even those of us least aware of the Christmas message

The news for today is that SABC-TV will be opening at 3pm for live coverage of the first day's play in the four-day match at the Wanderers between the visiting Sri Lankan cricketers and the Springboks

SA economy facing jobs crisis threat

By GERALD REILLY
Pretoria Bureau

THE South African economy is threatened with the most serious unemployment problem since the end of the Second World War according to economists

Increasing retrenchments are being reported from many sectors of the economy and the trend is expected to accelerate during the next eight or nine months

Negative growth was forecast by most economists and under these conditions greater unemployment was unavoidable

The chief economist of Barclays Bank, Dr Johan Cloete said yesterday that South Africa had experienced no real recessions since the Second World War

... are now faced with a four or five quarter decline in the economy with negative growth. Two quarters of negative growth is needed for a recession classification he said

Dr Cloete said the clear threat was the highest unemployment since the end of the war

A senior economist of the Bureau of Economic Research at the University of Stellenbosch Dr O D J Stuart, agreed that unemployment could reach peaks greater than anything since 1945

The general secretary of the Trade Union Council of South Africa, Mr Arthur Grobbelaar, said the country would have to brace itself for further escalation in unemployment

The National Automobile Manufacturers Association of SA (Namsa) said that in January the industry employed 49 683 workers By the end of September the figure had dropped by more than 2 000 to 47 649

"We are now moving deeper into recession and it must be expected that the current unfortunate retrenchment trend will accelerate" — a Namsa spokesman said

According to figures supplied by the Central Statistical Services Office the numbers employed in the main employment sectors — mining, manufacturing and construction — decreased by 30 000 between May and July to 3 020 721

In the SA Transport Services — where the numbers employed are continuing to decrease — in the May to July period the total number of workers decreased by nearly 24 000

In the clothing industry in the Transvaal the number of unemployed has risen to nearly 2 000

● Heart of the crisis — Page 13

Policeman arrested after two shot dead

Mail Correspondent

DURBAN — A policeman was arrested in Melmoth after a police sergeant and a woman were shot dead in the kitchen of a house in the town in the early hours yesterday

Police said that the dead woman was Dorothy Anne Cadle, 23, who, together with Detective Sergeant R B Welgemoed 27, was found dead on the kitchen floor of the house at 3am

The killings were reported by a neighbour who alerted the Melmoth police shortly after 3am when a man came to his house and woke him up and made a report to him

When the police arrived the man had disappeared but was arrested yesterday morning Police took possession of a firearm

D/S Welgemoed was section head of the detective branch of the SAP at Melmoth

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Picture JILL EDELSTEIN

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Clothing industry is holding its own

. . . but exports must be stepped up says Yorke-Mitchell

1/11/82

S. Tribune

184

By Mike Peirson
Finance Editor

ALTHOUGH the production index for the clothing industry has levelled off this year, up to now business has held up better than was expected says Hugh Yorke-Mitchell, president of the National Clothing Federation

Speaking in Durban this week he said the consumer goods industries had not experienced anything like the volume declines which were feared. In fact sales by manufacturers have so far been only a few percentage points below last year's record levels

The clothing industry must, however, be committed to a programme of increasing its exports, particularly to Britain

"Our future there will not be easy," he said, "with the renewed optimism in the British clothing industry where the rate of inflation of clothing prices has been only one percent for the past two years This has created a real value-for-money situation which is stimulating the retail trade

"We have nonetheless performed well in our own market, where the inflation rate for clothing prices is the lowest of any of the components of the consumer price index But it is still about 10 percent annually

"With the wage increases granted recently and the inexorable rise in public sector prices like electricity and railage rates, a continuing rise in clothing prices must be anticipated.

"It must be the aim of the federation to lead the clothing industry in resisting this trend and becoming more internationally competitive It is, of course, the only way we can make any progress in export markets.

"Although it will be difficult to sell in export markets, it will be just as difficult to sell at home if the market is going to contract by 4 percent next year

"Thus we will need to become more internationally competitive, not only to sell abroad, but also at home because notwithstanding the depressed state of our market, there will be plenty of exporters in the Far East who will be interested in it

Yorke-Mitchell

He suggested a critical look should be taken at one major cost item — textile supplies — which constitute about 50 percent of production costs

The texile industry was going to have to sharpen pencils Their order books were looking thin and it was up to them to stimulate business by looking to new, lower price points to see them through

With both sectors looking for exports he made a plea to government to help in lowering those raw material prices to manufacturers, where the production was specifically for export

Yorke-Mitchell said the textile industry must prepare now to operate in a much more open market

The clothing men were going to have great difficulty in maintaining turnover in real terms in 1983 and would not be in a position to pay higher prices for inputs

"With regard to the declining value of the rand, importations of textiles have not increased all that much in real terms in 1982," he said

"During the first half of the year the increase in volume was less than 10 percent But the textile industry will ask why imports should be up at all at a time when business was at best static The reason is the dreadful muddle with textile deliveries which has continued this year

"With some relaxation of import control, clothing manufacturers have found it preferable to import their raw materials even if the prices are higher, in order to meet their obligations to retailers who are becoming increasingly critical of delayed deliveries and only too ready to cancel them where their sales are under downward pressure

"Over-diversification seems to be the root of the trouble in the textile industry They often complain that they have no inducement to invest, but when they do, it is in projects like corduroy used mainly for our short winter season

"This means that a large proportion of the investment will be tied up in stockholding because the plant will have to produce all the year round and the prices will inevitably have to include an interest charge for this

"Similarly if the rebate on tweeds is withdrawn, capital will be invested in another winter fabric project which cannot be economic

"If we are to become more internationally competitive our message to the textile industry must be that what we need in 1983 is greater reliability not higher prices"

Speaking about the vast retail conglomerates, Yorke-Mitchell added "Over the past five years we have seen retail chains achieve such turnovers and such profits as were hitherto unheard of

"I do not wish to detract from the intense scientific application and ingenuity which has resulted in these achievements, but wish to associate most clothing manufacturers as partners in those results — albeit very poor partners showing very little reward

"The trend continues Conglomerates get bigger and conversely manufacturers' margins get smaller, because to ensure survival, competitors continue to meet the retail demand of ever increasing margins so that the latter can contain their own costs and thus their profits"

y December 2 1982

Call for protection 'dangerous'

ARGUS 2/12/82 (184)

MORE than 90 percent of the clothing sold in South Africa today is locally manufactured, says Mr Brian MacLeod, director of the Cape Town Chamber of Commerce

This is his comment on a suggestion that more tariff protection is needed to reduce imports of clothing and textiles from the Far East.

More than 1 000 textile workers in the Western Cape have lost their jobs in recent weeks and Mr Mike Getz, chairman of the Cape Clothing Manufacturers Association, has disclosed that employment in the clothing industry has dropped

DEMAND FALLING

Mr MacLeod said the downturn in the economy was "having its expected impact on unemployment as invariably happens when, as a result of falling demand for goods and services, inventories have to be reduced and industry itself has had to cut production"

But it would be a dangerous course for the industries concerned to look for a solution to their problems through tariff protection, particularly when demand for imports was falling.

"South Africa cannot allow its cost structure to rise unnecessarily With an inflation rate double that of many of its trading partners, South African producers will soon find themselves priced out of world markets"

Local industry should "look less toward protection and rather improve its efficiency through greater productivity and training, particularly at management level"

MR Kobus Roetz, top, has been appointed general manager and Mr Jerry van Vuuren assistant general manager of the Trust Bank's personal banking services division.

ARGUS 6/12/82 (184)

'Hundreds' of clothing jobs lost

SEVERAL hundred jobs in the Cape clothing and knitwear industries were lost in the past few weeks, Mr Mike Getz, chairman of the Cape Clothing Manufacturers Association, said in his annual report

He said job prospects in the new year would depend largely on orders after the Christmas sales

MINING EXPORTS

He called for better service from the South African textile industry and the railways, and more up-to-date information from the retail trade about consumer offtake to help the clothing industry in the difficult period ahead

He said the Government might sacrifice the interests of other industries to promote mining exports

The clothing industry had maintained its role as the backbone of the Western Cape economy in the past year and continued to supply the bulk of clothing sold to the middle and upper markets in spite of competition from imports

"It would be realistic to recognise that import control is being run down and is not being used to regulate imports of garments

" Rather this is being left to domestic demand reacting to the business cycle

"Needless to say, imports in our sector continue to rise significantly in volume and value despite clear recessionary trends

"The fact that textiles and apparel consistently head the growth index of imports perhaps illustrates the fallacy and danger of relying on simplistic rules of supply and demand as regulators"

He feared that imports of clothing would be "the equivalent of several thousand jobs precisely when employment for us may decline"

ENERGY COSTS

Discussing transport and energy costs, Mr Getz said "We subsidise and are frustrated by the South African transport system

Job losses not seen as serious trend

(184)

Argus 8/12/82

Labour Reporter

THE loss of several hundred clothing workers' jobs in the past few weeks did not indicate a serious trend for the garment industry, which employed about 65 000 people in the Peninsula, according to Mr Michael Getz, chairman of the Clothing Manufacturers' Association

In an interview this week Mr Getz said the turnover of labour in the garment industry was very high and some people who had left had simply not been replaced

Criticising South Africa's industrial strategy, he said that most investment had not created jobs because it had been concentrated in capital intensive industries

TRUE POSITION

The garment industry would not know the true position until February next year, after the Christmas sales were over

The garment industry is the largest industrial employer in the Western Cape The vast majority of clothing workers are women, who are paid an average wage of between R45 and R50 a week

The industry's main supplier, the textile industry, has laid off thousands of workers in the past few weeks

In the Western Cape, Berg River Textiles in Paarl retrenched 550 people last month and SBH Cotton Mills has retrenched at least 50 workers in recent weeks

Textile manufacturers and the Tucsa-affiliated Textile Workers' Industrial Union have blamed the current crisis in the industry on cheap imports from the Far East

However, Mr Getz said the extent to which the textile industry was protected against competition from imports had resulted in a domestic price 50 to 100 percent higher than a "reasonable international price"

A lecturer in economic history at the University of Cape Town, Mr Alan Hirsch, who has studied the textile industry in South Africa, said the crisis which had led to the retrenchments was partly due to the small market for South African goods

Far-reaching changes likely

Fosatu union looks set to join council

Rbm 9/12/82

By STEVEN FRIEDMAN
Labour Correspondent

THE National Union of Textile Workers is set to become the first Fosatu union to join an official industrial council since the Government's labour reforms were introduced

But if it does join the knitting industry's council, its entry will lead to far-reaching changes to the way the council operates, a move which could have significant implications for other councils An important change is that it will also be allowed to bargain directly with employers outside the council

And yesterday the NUTW revealed it had already negotiated an industry-wide pay rise in the Transvaal knitting industry outside the council — the first emerging union to negotiate a binding industry-wide rise outside the system

One of the main features of this agreement is the scrapping of the "closed shop" in the industry, which has been the preserve of two Tucsa unions, the Garment Workers' Union and National Union of Clothing Workers

Details of developments in the industry are revealed in the latest issue of Fosatu's journal, Fosatu Worker News They were confirmed yesterday by a spokesman for the Transvaal Knitting Association (TKA)

Early this year the NUTW began recruiting in the industry and it has majority membership in three factories All three have recognised it and it negotiates with them on all aspects of work conditions

At the same time it reached an agreement with the TKA which recognised its right to direct negotiation at plant level.

The two sides also agreed they would negotiate a one-year industry-wide wage agreement outside the council and that the council agreement between TKA and the Tucsa unions would not "undermine" this

The NUTW also agreed to consider joining the knitting industrial council

In a joint pay negotiation attended by the two Tucsa unions, the parties agreed on two increases of 11,5% each over the next year — which has also been written into the council agreement

NUTW also received a commitment from employers, written into the agreement, that the industry would strive to achieve a "living wage as soon as possible" Fosatu believes that R3 an hour is a "living wage"

Yesterday a union spokesman said it was likely NUTW would now decide to join the council "We have a mandate from both our members and Fosatu itself to do so and may well apply next year," he said

The union would insist on maintaining its right to direct factory-level bargaining and indications were that employers would agree to this

"This has worked well so far and we have negotiated some important improvements on the council agreement at our three factories If employers continue to adopt their present flexible attitude, we will probably join"

But some key issues would have to be negotiated before the NUTW joined

A TKA spokesman said yesterday employers would not object to continued plant-level negotiations if NUTW joined the council

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Hard year, labour warned

184

Mercury 9/12/82

Labour Reporter

AS FACTORIES begin closing for the Christmas period, key unionists and employers yesterday warned that employees could not look forward to a prosperous New Year

Many employees face diminished Christmas bonuses, the prospect of no wage increases in the New Year and some will return to the news of their being laid off, they said

Mr Arthur Grobbelaar, the general secretary of the country's largest trade union body, Tucsa, said in the present economic climate there were likely to be more lay-offs

However, on the bright side, Mr Grobbelaar said he expected the present recession to begin to 'bottom out' in the last quarter of the year

'Unfortunately, workers will have to hold on, grin and bear it,' he said

'In the mini-boom that is expected to follow there will be a renewed demand for labour,' he added

The chairman of the Natal Clothing Manufacturers' Association, Mr Richard Savage, said 'things are very serious in the clothing industry, the majority of factories are already closing for four weeks instead of the usual three'

Watching

He said employers would be watching closely how many orders came in before mid-January and would then decide whether retrenchments were necessary

Many employees, however, had already been given notice before they left for the Christmas vacation, he added

The Council of South African Unions' regional coordinator, Mr Norman Middleton, said employ-

Six years' jail for car thief

Court Reporter

A 21-YEAR-OLD national serviceman was jailed for six years by Mr R Oosthuizen in the Durban Regional Court yesterday after being convicted of two counts of car theft

Before the Court was Petrus Jacobus de Villiers, who pleaded guilty to stealing a car from the Durban North Hypermarket car wash on July 19

The Court was told that a few days later the stolen car was involved in an accident in Pinetown.

De Villiers had returned to the Hypermarket on July 30 and stolen another car

He admitted 29 previous convictions for fraud

Forged R20 note found

JOHANNESBURG—Police recovered another forged R20 note in Kempton Park yesterday, bringing to eight the number of

Labour Reporter

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The Council of South African Unions' regional co-ordinator, Mr Norman Middleton, said employers had said they could not see their way clear to giving the bonuses they normally did

He predicted that migrant workers were likely to be hardest hit by retrenchments as employers refused to renew their contracts

The executive director of the Federated Chamber of Industries, Dr Johan van Zyl, said 1983 was likely to be a 'difficult' year, but this must be faced up to

The Federated Chamber of Industries, he said, had been talking to employers about a retrenchment policy in order to 'cushion the effect of large-scale unemployment'

Six years' jail for car thief

Court Reporter

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Forged R20 note found

JOHANNESBURG—Police recovered another forged R20 note in Kempton Park yesterday, bringing to eight the number of similar forgeries found recently in various parts of the country

The head of the Commercial Branch of the police, Brig Isak van der Vyfer, said in Pretoria that the forgeries had been well made

The notes were slightly darker than genuine R20 notes, had no watermark and were printed on paper of poorer quality The forged notes all had the same serial number D90 782 118

Brig van der Vyfer said the notes were definitely not made on a copying machine

'You can only tell the difference when the notes are compared with genuine ones,' he said — (Sapa)

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Star 10/12/82

Wider powers to textile union

184

Labour Reporter

An agreement between the National Union of Textile Workers and employers in the Transvaal knitting industry means the Fosatu union can now conduct industry-wide and factory floor bargaining

Fosatu has hailed the agreement as the NUTW is not a member of the knitting industrial council in the Transvaal

An agreement was reached in April this year which provided for plant-level bargaining, negotiations on wages and working conditions outside the industrial council

Employers could not enter into agreement with other unions on the council to undermine the settlement

The substantive agreement signed in early October also met Fosatu's needs for industry-wide bargaining

These include stop-order facilities, recognition of shop stewards and union access to plants

Unions putting pressure on printing industry

Star 10/12/82

Labour Reporter

Unregistered black-member trade unions are putting pressure on employers in the printing and publishing industry to pull out of the closed shop system

The unions complain that although they are able to recruit members in the industry, workers are still bound to pay their dues to the registered South African Typographical Union (Satu)

They also claim that employers are hiding behind the terms of the industry's closed shop and are not applying for exemptions.

In Durban the printing affiliate of the South African Allied Workers Union (Saawu) has challenged the management of Republican Press, publishers of Scope and Farmer's Weekly, to stop deducting stop orders from their members at Mobeni

The Media Workers' Association of South Africa (Mwasa) has held talks countrywide with the SA Associated Newspapers and Argus Printing and Publishing Company over dual union membership and the closed shop

This month the General and Allied Workers' Union also confronted the management of a Horlors subsidiary in Johannesburg, Kalamazoo Business Systems, over the closed shop issue and stop-order deductions

Satu's secretary, Mr Lief van Tonder, said other unions were welcome to recruit members in the industry

"We have nothing against such healthy opposition but we do resent pressure being put on workers to join these unions"

The general secretary of Saawu, Mr Sam Kikine, said Republican Press was "guilty of an unfair labour practice" because it was unfairly requiring the union's members to pay deductions to Satu

"Our members have requested management that stop-orders no longer be paid to Satu but we have as yet had no response from Republican Press," Mr Kikine said

Mwasa officials said they had no problem recruiting former Satu members but these workers still had to pay deductions to Satu in terms of the closed shop agreement

A Gawu spokesman said even though his union claimed a majority membership among workers at Kalamazoo management had not sought an exemption to the agreement.

But a spokesman for Kalamazoo said this week that although the firm permitted workers to belong to Gawu if they wished the firm tried to stay within the terms of their industrial agreement.

MANUFACTURING — CLOTHING

1983 — 1984 — DEC.

Clothing, textile makers plan joint effort

Bus Day 15/1/83

(184)

WESTERN CAPE clothing manufacturers and textile firms are getting together to make exports more competitive, says Mr Michael Getz, chairman of the Cape Clothing Manufacturers Association.

In the past orders have been lost because some local fabrics were so expensive that they priced garments out of the export market

Mr Getz says established major exporters of clothing have maintained their position in spite of difficult conditions in overseas markets

But the strengthening of the rand will compel local industry to look at effective means of maintaining export sales

After discussions with textile manufacturers a joint export effort is planned, with more liaison between the two industries in the early stages of production

"There have been times when a garment made of South African fabric has been outpriced overseas The opportunity to sell it has been lost while negotiations were going on between the clothing manufacturer and the fabric manufacturer."

TAKEN PUNISHMENT

Mr Getz suggests the Government could help by subsidising the cost of materials obtained from Sasol for the manufacture of synthetic materials, to bring the price down to international levels

He says the local clothing industry has "already taken most of its punishment" as a result of the recession. Retailers began to cut back on orders about two months ago

Continued on Page 3.

Joint effort

From Page 1.

He expects orders for the next six months to be from three to five percent below those at this time last year.

Retailers have not done as well as they would have liked in sales of women's clothing. Those selling men's wear on credit have not done well but the stores selling for cash only have done better.

TOP 10

Exceptions to this were sales of the top 10 brands and of children's clothing. This has helped the Western Cape because some nationally important brands of clothing, and a great deal of children's clothing, are made here.

11/2/83

Clothing firms eye fresh pastures

Industrial Week

AN export drive for South African clothes is being considered by the National Clothing Federation and the National Textile Federation, writes Fred Roffey

The national vice president of the National Clothing Federation, Michael Getz said that in the past orders had been lost because some local fabrics were so expensive that they priced garments out of the export market

After discussions between clothing and textile manufacturers in various parts of the country a joint export drive is planned, with more liaison between the two sides in the early stages of production

"The strengthening of the rand will compel local industry to look at effective means of maintaining export sales," said Getz

A meeting of the National Clothing Federation was held in Cape Town this week and more meetings would be held later this year.

Cape Times 5/2/83 (184)

3 000 made jobless in Cape clothing cutback

By ALEX PETERSEN

MORE than 3 000 jobs have been lost in the Cape clothing industry in the last three months — many of them in the last month — mainly through cutbacks on forward orders

The chairman of the Cape Clothing Manufacturers' Association, Mr Mike Getz, said yesterday that the job losses were chiefly in smaller companies, and those operating in the cut, make and trim areas of the industry

Many of the cut, make and trim factories which usually sub-contract on a piecework basis, did not reopen after the annual close in December

Larger companies, says Mr Getz, have been less seriously affected by the downturn, and although order books are shorter than usual, a CCMA survey of retailers suggests that most fared better over Christmas than they had expected

Cape retailers, said Getz, were more confident than their Transvaal counterparts on both the trading and forward picture

Although the 3 000 jobs represent a 5% drop, ironically, the industry's total Cape employment figure is still 2 000 higher than it was this time last year

Getz, however, sees the incidence of loss in the cut, make and trim sector as serious, since it provides an important flexibility and versatility in the industry, with a rich mix of entrepeneurial skill

He is also concerned that in the reaction to current economic conditions further job cutbacks could occurr Getz stresses his view that the industry is in a stable, although tight situation.

Viewing the market in detail, the CCMA say that children's clothing sales have remained firm, due in part to strong black demand Demand for menswear, particularly at the upper end of the market, has satisfactory bookings, while exports have picked up in recent months

One facet that has emerged clearly in recent months, Getz feels, is the importance of brand names and merchandizing to counter any drop in sales Through effective marketing some brand names have increased their percentage of market sectors

As to 1983 sales trends, women's fashion is seen as the main problem area, with the key factor being to identify positive trends and respond to these quickly

The other problem area is that of supply from the textile sector, with the old problems of late deliveries and disappointing quality and service Likewise, says Getz, textile pricing has not reacted to the market.

Although neither Getz nor the CCMA make the comment, it is likely that if the situation continues more manufacturers will be tempted to look overseas for fabric

On the retail side many fashion retailers are still nervous, says Getz, and suggests this could lead to understocking "and perhaps some dullness in their stores as caution comes to dominate merchandizing"

Which, of course, does lead him open to the comment from retailers and importers looking for sure-fire sales that the boot is on the other foot.

FASHION INDUSTRY FM 25/2/83

Little white lies

184

Despite the downturn in the textile and clothing industries, some small retailers claim that some deliveries promised for last December have not yet arrived

This is ironic in view of 20 000 recent lay-offs from the 244 000 workforce in the R1,7 billion/year textile and R1,5 billion/year clothing industries

Small retailers claim they are the hardest hit by the late deliveries, as manufacturers look after their big chain customers first They say some manufacturers quote delivery dates between January and April for winter lines, which means the merchandise often arrives late in the season And one small trader says he once received goods when the large groups had already begun discounting the identical lines

Manufacturers say that this is a perennial problem of the fashion industry — which relies on last-minute orders

National Clothing Federation president Hugh Yorke-Mitchell maintains that the ordering pattern forces the industry to produce the entire summer range between March and June and the winter range between December and February

"This gives us far too little time to manufacture goods, but it is not going to change," he says "The manufacturer has to tell little white lies and say he'll deliver on time, or the retailer will leave him"

Some clothing manufacturers blame their late deliveries on sluggish deliveries from the textile trade

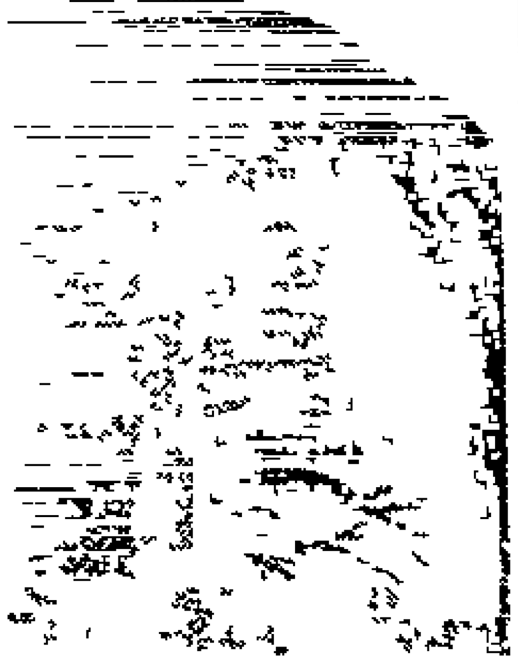
Textile Federation executive director Stanley Shlagman admits that textile deliveries may occasionally be late But he points out that late specifications from clothing manufacturers to his industry are part of the problem — and this is to some extent because retailers like to submit their precise specifications only at the last possible moment

Clothing manufacturers usually give five months' notice of their requirements either in terms of the type and quality of material, or factory capacity But colour, pattern and cut details are only given later, once retailers have tested the market

Things are not likely to get any easier for manufacturers They are getting fewer orders in the current economic downturn and face increased foreign competition due to government's latest efforts to adhere to Gatt principles

"Sandy" Jamieson has been appointed ...man of Group Five ...ing in succession Fred Law ... board changes Mr Clogg (above) has appointed chief ...ve of the construc... division and Mr Syd ...er Walt (below) be... chief executive of ... ...ial division ... Hodgson, chairman ...rling & Hodgson, ... Five's new parent ...ny, joined the board ...ecember 3

A McLaren, a former ...an of Group Five, ...ed from the board from the group's ser... at the end of Febru... Mr R C Heddon and ... K Massey have also ...d from the board, ...main with the group ... Heddon as chair... of McLaren & Eger Mr Massey as techni... ...nsultant



Irrational results from a rational market set-up

LONDON — Information that is widely and rapidly available, ease of entry into markets with many participants and of great liquidity — one would hope and imagine that these were the ingredients needed to produce perfect and rational prices for any commodity or currency.

But the facts suggest otherwise, writes Nicholas Colchester in the Lombard column of the Financial Times

The major disappointment of the 10-year experiment with floating currencies is that exchange rates have proved volatile and have seldom seemed able to settle at reasonable levels Commodity prices, too, have become more mobile and more illogical

The point-and-figure men, wired up to computer models, have recently pushed copper prices up in the face of stocks in the London Metal Exchange warehouses that are at a four-year high — and still climbing

These phenomena seem to reinforce my long-standing hunch that the perfection of modern markets is an important cause of their instability Today's instant-information, instant-transaction markets behave like mechanical systems devoid of friction or of damping

In each market large weights (speculative capital) are linked by weak springs (the fundamentals of supply and demand) and the whole shuddering blancmange is subjected to the impact of unfolding events Ideally, such a market should glide smoothly between position of perfect equilibrium for each new situation. in practice, it wobbles hopelessly beyond and around them

The rapid rise of the commodity and financial futures markets is the latest development in this process of theoretical improvement and practical discomfort.

Leverage, or gearing, is a key characteristic of these markets The hedger or speculator has to put up less than 10% of the value of the commodity from whose price movements he is seeking protection or profit. This appealing feature attracts both kinds of participant to the market, giving it added liquidity and depth trade, adds a diversity of view

So gearing, through liquidity and diversity, should stabilise the market In practice these benefits are outweighed by the way that speculative capital is given still more influence over the market's prices relative to the underlying flow of supply and demand

Take the gold market Even without a futures market the price of gold is dominated by movements of capital more than by physical supply and demand — it is that sort of commodity But gold experts say unequivocally that the rise of the futures market has increased the influence of speculative capital and increased the volatility in the price

The extent of the rise in the gold price from $300 an ounce last June to almost $500 in September is said to have been due to covering of short positions by Middle Eastern investors in the futures market.

Futures markets and spot markets remain closely tied because there is a continuous possibility of arbitrage between buying a commodity for delivery at a future date and buying it today and holding it until that date So the capital attracted by the leverage of the futures market increases the volatility of the underlying spot market

This is, on the face of it, a disappointing result for those who imagined that futures trading would somehow improve a market by giving risks to those who wanted them and by taking risk away from those who did not

The paradox is that futures markets have indeed made markets safer for the individual, but stormier and less predictable as a whole By mobilising speculative capital they have made it easier for the user or producer of a commodity to hedge, but they have also made it more necessary for him to hedge

Futures trading is a contribution to the manic modern market that comes fittingly from Chicago protection is readily available to the innocent for a small fee, and life will prove extra uncomfortable without it

Scaw MD

MR RICHARD Boustred, previously deputy managing director, has been appointed managing director of Scaw

Mr Brian McDonald has been appointed manager of the coal division of Boart Drilling

Japan's exports slide

TOKYO — Japanese exports declined in February for the 14th month in succession The biggest drop of 8% was in exports to Europe, say the Bank of Japan and the Ministry of Finance

A monthly letters of credit report said total exports in February of $6 990-million were 7% down on last February's figure

Exports to Asia and the United States were down 7% and 3% respectively

Shipments of iron and steel decreased 20% and those of food by 16% Exports of chemical goods and machinery were down 7% and 6% respectively Exports of motor vehicles and textiles both declined 4% — UPI

Loan sought

BUDAPEST — Hungary is negotiating to borrow more than $200-million from the World Bank for energy and agricultural projects this year, according to Mr Miklos Pulai, vice-president of its National Planning Office

W Cape as an export base

184

ROM 3/3/83

Own Correspondent

CAPE TOWN — The Western Cape could be an even more important source of manufactured goods for export, but a determined effort was required from industry along with a consistent and helpful policy from Government, said the chairman of Rex Trueform, Mr Stewart Shub, in Cape Town this week

He said at a luncheon at which he was awarded the Cape Businessman of the Year award for 1982 that skilled labour and inventive managment in the Western Cape were important assets in producing for export markets, but an extra effort was required

Stressing that labour-intensive industries would continue to contribute to the industrial development of the region, he said that "something important will have to be done to encourage such industries to grow at a faster rate if all our peoples are to be usefully employed in the years that lie ahead"

"I know that many people in official circles have come to this same conclusion, such that they now believe that labour-intensive industry must receive priority"

He appealed to the Government to give priority to ways of encouraging such industry, particularly when they served the export markets

"This might require incentives, such as those already given in decentralised areas, but certainly something needs to be done, and done soon"

It is possible for us to compete successfully in world markets, but to do so encouragement is necessary, as well as tangible assistance in the form of strengthened and improved export facilities"

Clothing workers lose out

Star 8/4/83

184

Labour Reporter

More than 3 500 workers in the Transvaal clothing industry have been retrenched during the past nine months

About 500 of those workers were retrenched in the last two months alone, said the "Garment Worker", a periodical of the Tucsa-affiliated Garment Workers' Union

During December and January another 3 500 garment workers in the Western Cape lost their jobs

However five new factories had opened in the area since January and about 800 workers had found jobs

Retrenchment in Natal and the Free State had been much less than in the Transvaal and Western Cape

The periodical said a major reason for the lay-offs had been the relocation of clothing firms from the urban areas to the homelands, largely due to tax incentives

Natal garment workers are 'the exception'

Mercury (184) 11/3/83

Labour Reporter

GARMENT workers across the country are being hard hit by the recession and thousands of people have lost their jobs in the past six months

The only exception is in Natal where, according to the Garment Workers' Industrial Union, employment in the garment industry is on the increase

Natal workers have also been given a significant increase, with the minimum rate of pay in most job categories increasing by more than 25 percent under a new two-year agreement

According to the official journal of the Garment Workers' Union of South Africa, about 3 500 workers in the Transvaal clothing industry have lost their jobs since June last year

In the Western Province 3 500 people lost their jobs over the December to January period, although a significant number were re-employed last month

According to the journal Natal is the only exception Mr F Hansa of Natal's Garment Workers' Industrial Union was quoted as saying there was very little sign of unemployment among Natal workers

Dr Anna Scheepers, president of the Tucsa-affiliated Garment Workers' Union, said yesterday there were signs of an improvement in the economy which would benefit garment workers.

Short time

'The trend among employers in the industry at the moment is to work short time rather than lay off workers There is still a demand for machinists across the country'

The Trade Union Council of South Africa reports in Labour Mirror that significant wage increases have been negotiated between the Garment Workers' Industrial Union and the Industrial Council for the Clothing Industry

According to Tucsa the average minimum wage increase for the 18 different job categories has risen by more than 25 percent while some categories have gone up by as much as 65 percent under the new agreement

● An entire knitwear factory has been moved by road from Mossel Bay to Atlantis - a distance of about 500km.

The move involved 15 loads of machinery worth R1,5-million, and it was undertaken for Muller Knitwear by Rent-a-Rig, a company specialising in machine moving.

There were no breakages, and the entire operation - including rigging out, loading, transport, off-loading and positioning - took five days.

Industrial Week (184) 23/3/83

Sowetan 31/3/83

Garment union guns for big increases

THE PROPOSALS by the Port Elizabeth branch of the Garment Workers' Union of South Africa, to have the wages for the garment workers in the region increased by as much as 20 percent, got full support from members.

At an annual general meeting of the branch last week, branch secretary Mrs Katie Gelvan explained the proposals to members. These include

- A 20 percent increase on July 1 this year, followed by two and half percent on December 1 and a five percent as from June 30, 1984
- A reduction in some qualifying periods
- Pay for public holidays fall on a Sunday.
- Annual paid leave to be increased should be increased to 15 working days
- Workers should be given 30 minutes grace per week before losing their attendance bonus

... and a return to since the 1930s agreement with fixed ex- ly apparent that the

Bus Argus 9/4/83 (184)

4 026 jobs lost in Cape clothing plants

THE number of clothing workers in the Cape dropped from a peak of 63 350 in June last year to 59 324 at the end of December — a loss of 4 026 workers

The chairman of the Industrial Council for the Clothing Industry (Cape), Mr A M Rosenberg, gives these figures in the council's annual report

He says the clothing industry will go through a period of consolidation this year and some cut make and trim (CMT) manufacturers will find it difficult to continue as a result of a lack of orders

But workers losing jobs at small CMT concerns will be absorbed by larger well established factories

LABOUR MARKET

The downward phase in the business cycle might last well into the second half of this year However, it is hoped the recession will be less severe than in 1977

The downswing has affected the structure of the industry

For many years manufacturers have had to compete in the labour market for a limited number of employees Now pressure on employers seeking staff is likely to lessen

School leavers will be entering a contracting labour market and many workers with previous experience will be returning to the industry to augment family incomes

This should have a dampening effect on absenteeism, labour turnover and on excessive wage offers

The number of employees involved in movements into and out of the industry has continued to cause concern

In 1982 the number of manufacturers in the industry rose from 377 to 407 Seventy-one factories opened and 41 closed

600 lose jobs as Elvinco crashes

ARGUS 18/4/83

184

Staff Reporter

SIX hundred people were without jobs today when the Cape Town based Elvinco group was shut

The group went into provisional liquidation last week

All three of the group's companies — Elvinco, Lysta Zips and Hereford — were affected by the closure

The company's plants in Johannesburg and Durban were also closed today

Elvinco, which was started in 1948 by Mr Martin Elvin-Jensen, is involved in the injection and blow-moulding of plastic

Lysta Zips manufactures zips for the clothing industry and Hereford specialises in webbing woven tapes and ribbons

The three companies owe banks and shippers R7 5-million

This morning stunned workers gathered outside the factory gates, which were locked They were allowed in, one at a time, to collect tools and personal possessions

Most learnt of the closure only this morning when they arrived for work

They include skilled workers such as electricians, fitters and turners, machine operators, assemblers and clerical staff

One, Mrs Frieda Morkel said she had been employed at Elvinco as an assembler for 17 years

Another said she had travelled from Paarl this morning to find the factory closed and discover she was out of a job

The provisional liquidator, Mr David Rennie of Syfrets Trust said no final decision had yet been made on how much to pay employees

He said salaried workers were entitled to pay for half of April as they had been laid off on the 15th

He said the monthly salary bill was R170 000, and added to this was a weekly wages bill of R30 000

High interest rates during 1981-82 had hit the company hard, and were the major factor behind the failure of the group

The decision to close had been taken late on Friday as there was a shortage of cash and working capital The situation had been precipitated by the fact that debts owed to the company were ceded to banks

He said the banks had preferred not to lend money to keep the company afloat

The company would have continued to lose for the next two months

(Turn to Page 3, col 1)

Picture DANA LE ROUX, The Argus

A SHOCKED Mrs Rita Steenkamp had travelled from Paarl this morning to find the Elvinco factory shut and that she no longer had a job.

600 out of work

Argus 18/4/83

(Contd from Page 1)

He would have needed R2-million to keep it operating until the end of May

Mr Rennie said the liquidation of the group was the first liquidation of a large company in Cape Town owing to commercial failure in the current recession

He said he hoped the company could be sold and the business resuscitated

He had had calls from interested people

If the company was not sold, its assets would be sold piecemeal, he said

047 / 59 / 047 / 007

' judging for the Miss South Africa
-s Sandra Steyl and Miss Nicole de
-id Miss Brenda Bendeman, 22. The
' ss Universe pageant, in St Louis in
'y

Picture Dan Bosman

Cape Times 19/4/83 (184) ~~335~~

600 workers lose their jobs

Labour Reporter

ABOUT 600 workers lost their jobs yesterday as all Elvinco group plants were closed — but many of them could be re-employed if plans for a take-over of the group come to fruition

All three of the group's companies — Elvinco, Lysta Zips and Hereford — were closed after a last-ditch attempt to obtain credit from banks ended in failure on Friday

The group was placed under provisional judicial management on April 2 and under provisional liquidation on April 7 The three companies owe banks and shippers some R7,5-million

The provisional liquidator, Mr David Rennie, of Syfrets Trust, said all employees would be paid for work done Only a few people on the administrative side and some workers to "keep the machines greased' were being kept on

The company's plants in Johannesburg and Durban were also closed yesterday

Mr Rennie said there were a number of concerns interested in taking the group over and, if this came to fruition, there was a likelihood of people being taken on again

● Elvinco refused further cash, page 16

Two men held after manhunts

Crime Reporter

POLICE arrested two men at the weekend after manhunts, one of which lasted nearly a year

One man was arrested in connection with the fatal shooting of a debt-collector and police reservist last May, the other in connection with the killing of a Mitchells Plain man who came to the aid of a neighbour who was being robbed

In May, Mr Aboebaker Isaacs, 50, was collecting money in Bonteheuwel for a furniture firm when a man threatened him with a firearm The collector refused to hand over money and was shot.

Members of the Flying Squad arrested a 21-year-old man in Heideveld on Sunday

● Police from Manenberg arrested a 20-year-old man on Sunday in connection with the killing of Mr Henry van Rooyen in Mitchells Plain last October

Mr Van Rooyen was shot when he went to help a neighbour, Mr Michael Abrahams, 32, of Westridge, who was being robbed by two men

As the two men fled, they were confronted by Mr Van Rooyen, who had heard his neighbour's screams for help

One man was arrested soon after

Both men will appear in court today

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... to bear a child for an infertile cou-... But the contract has no legal binding ... there is no legal recourse against a ... in mother who fails to hand over baby after its birth

... the meantime, Mrs Blankfield is go-ahead with her baby-factory plans ... is looking for a base in Mayfair

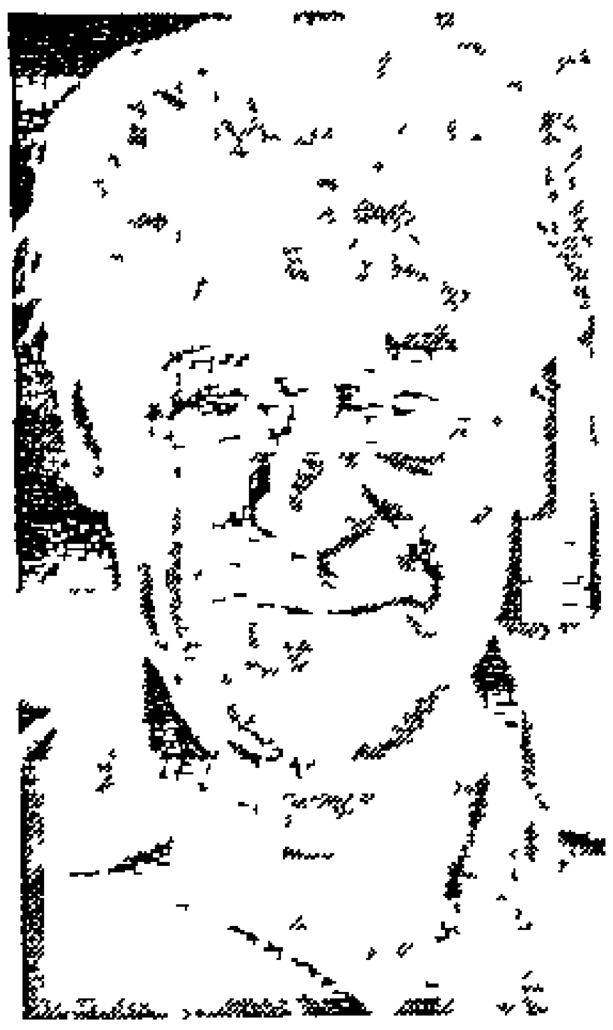
...er R27 000 price includes about 1 000 paid to the volunteer mother

...ne idea of a baby-factory in Britain outraged the Society for the Protection of the Unborn Child, whose chair-... Father Rabjohns, said. "The whole ...ept of the manufacture of human be-... fills me with horror It reminds me ...he worst excesses of the futuristic

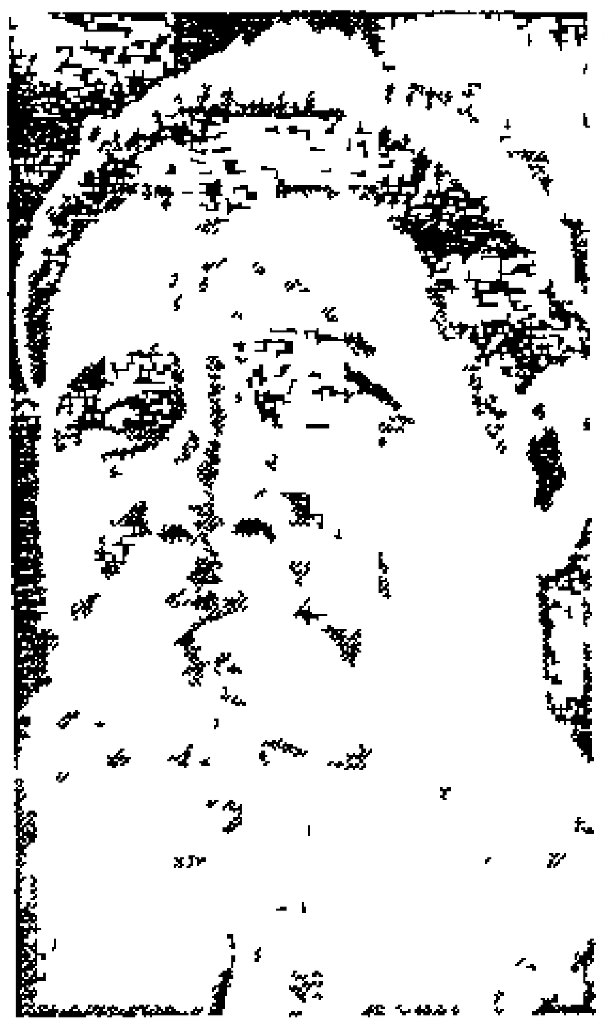
The C

Miss Cherryl Abrahams, left, and Mrs Hilda Campher . . . "No problems with the bosses"

Mrs Esther Dereuk . . . delighted to have her job back.



Mr M J van Staden . "My age is against me."



Mr Chris Philander . "There are no jobs around."

Mr Abraham Ahrendse . . "I am a family man. We had a hard time while I was laid off"

Despair ends as 500 get their jobs back

Cape Times 4/5/83 (184)

Staff Reporter

FIVE-HUNDRED workers at three Elvinco Group factories in Grenville Avenue, Epping Industrial, were back at work this week after spending a despairing two weeks in the ranks of the unemployed

They were paid off two weeks ago when the firm, hard-hit by the recession, was unable to continue paying their wages

Pepkor subsequently offered to purchase the group, comprised of Elvinco Plastics, Lysta Zips and Hereford Industries

Group financial director Mr N Watson, said 80 percent of the staff had taken up their jobs again A few, mainly middle-management personnel, had found other employment

Machine operator Mr Abraham Ahrendse, of Retreat, said he had looked for another job during the previous two weeks but had not found anything

"I have worked here for 10 years," he said "I am a family man We had a hard time while I was laid off I am pleased to have my job back."

Heavy-moulding manager Mr M J van Staden of Wynberg had served the company for 33 years

"I can only be employed in the plastics industry and there are no other jobs here," he said "My age is against me"

Supervisor Mrs Hilda Campher would have worked for 25 years at Lysta Zips on Friday, but the anniversary passed while she was laid off

"I'm glad I'm back," she said "I was very worried about getting another job This one is a good one, there are no problems with the bosses"

Employees said they had all been taken back at their previous salaries

Year	Membership				
	African	Asian	Coloured	White	Total
1970				..	..
1971				..	..
1972					

'Clothing industry heading for crisis'

(184) Mercury 1/7/83

Financial Editor

WORK for Cut-Trim-and-Make (CMT) clothing manufacturers has dried up completely Mr Hugh Yorke-Mitchell, president of the National Clothing Federation, said yesterday in a quarterly economic review of the industry, which he says is heading for a crisis.

There had been a number of CMT bankruptcies and manufacturers who normally give work to CMT contractors are finding they need not do so as they have capacity to cope with a smaller volume of business

Mr Yorke-Mitchell said the full effect of the recession was still working its way through to the industry and "although business has slackened, the general opinion is that the worst is yet to come"

He said that there had been no cold weather to stimulate winter sales and orders for next summer would not keep the industry busy until work on the 1984 winter ranges began

'With summer production drying up early and a probable weak demand for next winter, a crisis in the clothing industry towards the end of 1983 is forecast.'

Employment

In the past year employment in the industry has decreased by more than 10 percent — not as much as the textile industry, — but a comparison of numbers was not valid as the clothing industry was more flexible

Overtime is worked when work is brisk and short time when it is slack without anyone having to be laid off 'But the number of hours worked may be down by up to one third'

Clothing exports last year were R30m — similar to 1981 and there are hopes that the figure may be improved this year but the continuing uncertainty about export incentives is putting a damper on these hopes

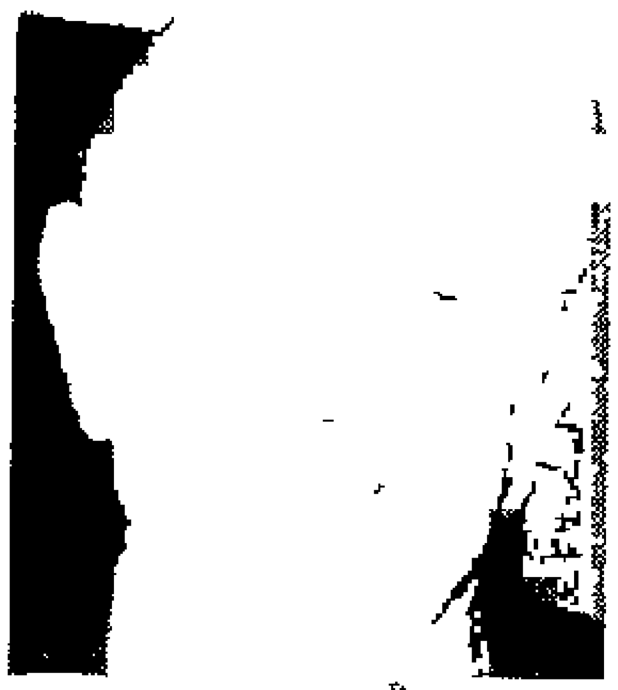
D. Dispatch 9/8/73

184

EL gains factory from Rand

BY TOM LOUW

Business Editor



MR DENTON BRUYNS
. . . a strongly competitive position.

EAST LONDON — A Johannesburg-based hosiery manufacturer is to move to East London soon, to a new factory now being built in Wilsonia

The managing director of Eastern Province Textiles, Mr Denton Bruyns, has confirmed that his company will begin the move in November.

Mr Bruyns expects the new factory, now being built by the Industrial Development Corporation, to be ready by the end of October

He said "Then we will start moving machines to East London and begin training the operators who will be recruited locally

"By the end of January we should be producing 10 000 socks a day"

Initially the factory will offer 150 new jobs to local people Mr Bruyns plans to bring only key experts from Johannesburg

Chief among these is Mr Manfred Lubberger Mr Bruyns says of him "We are very fortunate to have him He is acknowledged to be the top hosiery technician in South Africa and is our factory manager" Mr Lubberger will be responsible for laying out the factory

Mr Bruyns told me his company makes the Pierre Cardin and San Diego hosiery ranges and McGregor knitwear and sports wear and "we hope eventually to expand into a cut, make and trim operation to produce garments like men's shirts."

Mr Bruyns is confident that the special incentives available in this area will put his company into a strongly competitive position. Already it is the fourth-largest in its field in South Africa

"But what we have to remember is that the biggest market is in the Transvaal," he said Accordingly, he will maintain a marketing and sales organisation in Johannesburg under a branch manager

As managing director, Mr Bruyns holds 20 per cent of the equity in Eastern Province Textiles The rest is owned by Mercabank, and the managing director of Mercabank, Dr Charles Ferreira, is chairman of Eastern Province Textiles

(184) ~~160~~ ~~151~~

INDUSTRIAL COURT

Dismissal rulings

Recent decisions by the Industrial Court have again demonstrated the risks involved in firing employees without adhering to an equitable dismissal procedure

A labour lawyer, who has studied the decisions, emphasises that their full implications have yet to be tested and explored But, he says, they "emphasise that *ad hoc* and reactive measures in the labour field are entirely unsatisfactory"

In both *Van Zyl versus O'Okiep Copper Company* and *Matshoba and Others versus Fry Metals*, the court dealt with applications for the reinstatement of dismissed employees In the Van Zyl case the company ran into problems when it could not demonstrate to the court that it had a clearly formulated disciplinary procedure regulating warnings given to employees for misbehaviour Consequently, in reviewing Van Zyl's earlier track record, the court noted that it was not clear how many oral warnings he had received in the past, and whether these had been preceded by thorough investigations

The court expressed doubts about whether Van Zyl was guilty of misconduct, and focused attention on an International Labour Organisation recommendation on dismissal It states "Before a decision to dismiss a worker for serious misconduct becomes finally effective, the worker should be given an opportunity to state his case promptly, with the assistance where appropriate, of a person representing him"

The court found that while Van Zyl was present at an initial disciplinary hearing, he was neither present nor represented at a second hearing The court granted him interim reinstatement

In the *Matshoba* case the court found that the company's disciplinary procedure was unclear in that it seemed to indicate that group disciplinary hearings — something wanted by the workers, but rejected by management — were possible In addition, the company had recently changed hands and the appeal procedure stipulated an appeal to a person who no longer existed

Overtime work

"In finding for the applicants, it is arguable that the court was indicating that the company was charged with the duty of ensuring that the disciplinary procedure was fair and comprehensible," says the lawyer

The whole question of employees' obligation to work overtime was raised in this case The court noted that it was a condition of employment that employees should work overtime when instructed to do so In addition, as required by the relevant legislation, the company had obtained permission from a Department of Manpower inspector to allow employees to work more than the statutory maximum of 10 hours overtime a week

However, it appears the court implicitly recognised the voluntary character of overtime and the fact that both the ordinary courts and the legislature have sought to protect employees from overly burdensome terms in employment contracts The court placed great emphasis on the fact that a practice seemed to have developed whereby an employee in the company was entitled to give reasons why he was unable to work overtime

The employees — whose dismissal arose from their refusal to work overtime — claimed they had told the company that they could not do overtime at short notice because they had other important commitments

The court appears to have indirectly criticised the company for not informing them of the reason for the need to work overtime It found that because of the short notice of such overtime, it appeared that the employees' failure to comply with the instruction could not be said to be unreasonable

FM 12/8/83

184 Sowetan 29/8/83

Union clinches major deals with firms

PARK: Textile worker Ms Veronica Ndlovu, at the Orlando West Industrial Park

THREE Trade Unions Council of South Africa (Tucsa) affiliates recently negotiated substantial wage increases for their members and concluded satisfactory new agreements with managements.

The three unions whose members are said to be enjoying record wage increases are the Garment Workers of South Africa, the National Union of Wine, Spirit and Allied Workers and the South African Leather Trade Unions, according to Tucsa's official journal the Labour Mirror.

The Garment Workers's achievements in the talks were:

- Substantial wage hikes across the board,
- The abolition of sex discrimination in wages,
- Employers agreeing to match workers' contribution to the provident fund,
- A higher attendance bonus;
- An increase in the number of paid public holidays, and
- A meal allowance for those working later than 6 pm

Wage increases totalling as much as 87,9 percent are being paid over the next 14 months

The overall rise given to wine workers is 25 percent more for their pays, they received 15 percent in April and 10 percent will be payable from October 8. Both increases are based on actual wages paid and not on minimum wages

The wine workers' agreement includes

- Hours of work have been reduced from 46 to 45 per week,
- The annual bonus has been increased from three weeks' wages to four weeks' wages,
- Workers who work overtime later than 6 pm will be provided with a meal or a meal allowance of one rand; and
- sick leave has been increased to 12 working days over a three year cycle;
- All public holidays have been written into the agreement.

The leather trade unions added their achievement of pay rises to the 15 percent increase across the board they received last year

AGREEMENT. Secretary Mrs Lucy Mvubelo

Clothing industry scandal

Sowetan 26/9/83

184

By PHIL MTIMKULU

TRAINEE workers in the clothing industry are paid R27 per week — which is regarded as "shockingly low wages" by other unions.

And this amount is reduced to R25 per week after deductions, meaning these workers earn about R100 a month — R15 less than the stipulated minimum for domestic workers.

To worsen the situation the wages paid to these workers are in terms of the agreement entered into by leaders in the National Union of Clothing Workers and employers. According to secretary of the union, Mrs Lucy Mvubelo, the R27 was an agreement of the Industrial Council of the Clothing Industry, to which her union is party.

Industrial Councils are officially sanctioned forums for collective bargaining at industry level.

The primary household subsistence level for March this year for the black urban areas of Johannesburg was R277. The figure was calculated by the Port Elizabeth Institute for Planning Research.

Mrs Mvubelo admitted that the figure was low but she said the workers received an increment after every six months. She also said efforts were going to be made to have the amount raised to R36 during the next round of talks in January. But she said the employers were fighting all the way.

Trade unionists were shocked to learn there were people earning such low wages in the costly urban areas.

Mr Pandelani "Nef" Nefolovhodwe, the regional organiser of the Black Allied Mining Construction Workers' Union (BAMCWU) said it did not matter that the learner machinists were still young and fresh from school. "Some had to drop out of school to maintain their parents and younger brothers and sisters. In any event their production is the same as that of older people," he said.

The national organiser of the 100 000 member Saawu, Mr Herman Barnabas said it was shocking to learn that there were people still being started with R25 a week in the face of spiralling costs of living. "Any union which accepts such meagre wages for its members is toothless," he said.

Sowetan 21/9/85 (184)

Mrs Luvhengo

Ex-worker is fined

By PHIL MTIMKHULU

DISSATISFIED with her low salary, Mrs Angelinah Luvhengo showed her displeasure by staying away from work without resigning, little knowing that she was committing a crime which was to cost her husband R100.

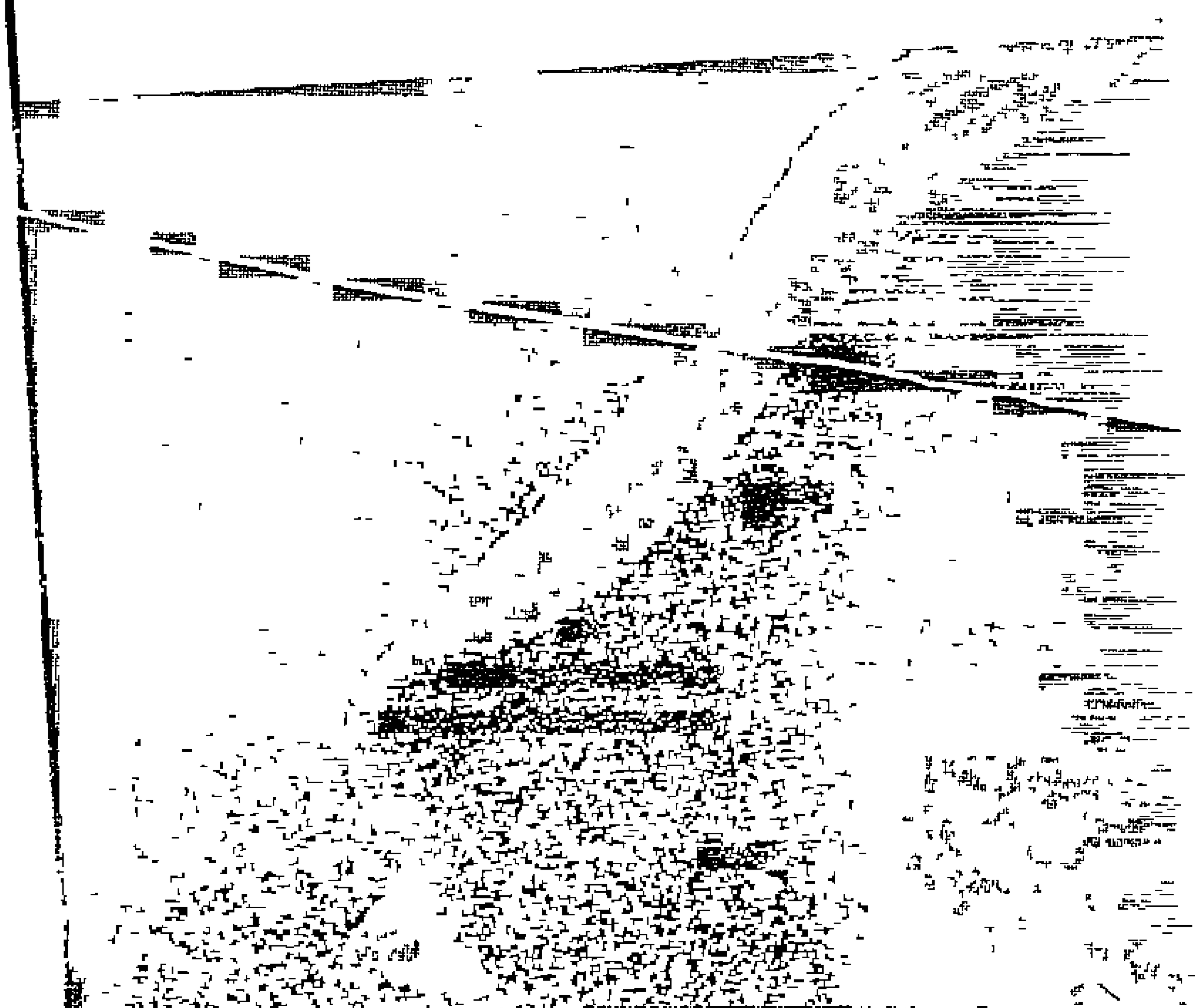
And her husband, Mr Ravhutsi Luvhengo has been angry since he had to part with the R100 and save his wife from the embarrassment of going to jail for 50 days

Mrs Luvhengo, a Tshiawelo housewife worked at H J Henochsberg from March 24 this year and "absconded" two months later — on May 3 Four months later, on September 6, she received a court summons

She went to court on September 8, where she was found guilty of absconding from work and sentenced She was found to have contravened an agreement relating to the clothing industry in that she failed to give her employer written notice of not less than five working days of termination of the contract of service

Mr Luvhengo says what makes him mad is that when blacks are fired they are hardly given an hour's notice They are fired on the spot

'We take it in our stride and we do not complain to anybody But when it happens to them they do not like it and they invoke legislation Since this is the case an employee who is dismissed without notice should also take legal action against that employer It must apply both ways,' he said



NEWS EXTRA

Union defended

MRS LUCY Mvubelo, general secretary of the National Union of Clothing Workers, said her union did not talk shop like other unions but had benefits for the members which were second to none

Mrs Mvubelo also said the fact that they had accepted R27 as a starting wage for learner machinists was not because of lack of trying She said the employers were constantly threatening to move their workers to the Border industries where labour is cheap

"Our union is among two unions in the industry which works a 40-hour week We achieved this as far back as 1948 We have the best holidays and eight holidays are paid for In addition to this we have wonderful benefits like provident fund, medical ~~and~~ and ~~medical benefit~~

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"Today members of our union, who are predominantly women, are able to buy their own houses because of the provident fund They have thousands of rands in the fund. And every second year they share unclaimed provident funds and they get more than they contributed," Mrs Mvubelo said

Mrs Mvubelo said they also had a group funeral scheme The scheme covered the entire family and the spouse received R1 000. Should the member die the dependents are covered for life

Rdm 18/10/83 184

Clothing industry adrift in doldrums

By PRISCILLA WHYTE

PROSPECTS for the textile industry are promising, but the clothing industry is still in the doldrums.

Textile production volumes did not deteriorate further in the second quarter of 1983 from the first quarter. There was no increase in output but a revival is forecast for the first quarter of 1984.

During the first six months this year, average production deteriorated by just over 20% and outstanding order volumes by 30%

Mr Stanley Shlagman, executive director of the Textile Federation, says the textile distributor trade destocked heavily on a too pessimistic forecast of consumer demand.

Consumer demand has fallen only by 6%, which is considerably less than the fall in production volumes Mr Shlagman believes there will be an "appreciable revival in the textile industry in the first quarter of 1984".

The current turnover of the textile industry is R1,1bn a year, but monetary values have not fallen at the same rate as production volumes. Monetary values are down 8%

Employment figures are effectively down by 20 000 because of retrenchment and short time work. The total worker complement in the textile industry is about 110 000.

According to the Central Statistics Office, clothing production fell by 21,5% in the first quarter of 1983. According to Mr Frank Whitaker, executive director of the National Clothing Federation, no upturn is foreseen yet in the clothing industry.

The mild 1983 winter was a bad one for the clothing industry and retailers are stil holding unsold stock from then

Looking at the future of the clothing industry on a seasonal basis, Mr Whitaker says there appears to be no light yet at the end of the tunnel.

Factories will start manufacturing in mid-1984 for the 1984-1985 summer season "We hope for an upturn in the clothing industry by mid-1984, but there is no evidence at this stage for optimism."

It is too early for comment on the sales of summer clothing.

When the clothing industry was at its peak, it employed 130 000 people By July this year, that figure was down to 91 000 and now Mr Whitaker estimates employment now to be 110 000.

Clothing industry turnover is expected to be about R1,5bn in 1983. The figure in 1982 was R1,441bn and in 1981 R1,378bn.

ORWELL'S BIG BROTHER PROPHECY COMES HOME TO ROOST

ARGUS 3/11/83 LABOUR (183) (184)

New union for clothing industry

By PIPPA GREEN
Labour Reporter

A NEW union has been launched in the clothing industry

The Clothing Workers' Union was officially launched last week and intends to organise workers employed in the largest industry in the Western Cape

At present, the entire workforce in the clothing industry belongs to the Western Province Garment Workers' Union, which has had a closed-shop agreement with employers since 1936

The closed shop makes it a condition of employment for all workers to belong to the union, which now has close on 60 000 members

The Garment Workers' Union has often been criticised for relying on the closed shop for their membership and for not having adequate shop-floor structures to represent workers

Since 1931 there have been numerous attempts to oust the leadership of the union, none of which has been successful

FIGURES

A Clothing Workers' Union spokesman said the union could not disclose membership figures "at this stage", because of the closed-shop agreement between employers and the Garment Workers' Union

Meanwhile, the Clothing Workers' Union has accused the Garment Workers' Union of taking details of union benefits to factories where the new union has a foothold, in an attempt to dissuade workers from joining it

However, this has been strongly denied by Garment Workers' Union general secretary Mr L Petersen

LABOUR RELATIONS

Union rivalry

FM 4/11/83

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The International Textile Garment and Leather Workers' Federation (ITGLWF) has made an unsuccessful bid to halt the bitter rivalry between some of its affiliated unions in SA

The international body is concerned about the increasing hostility between garment and textile unions linked to the Trade Union Council of SA (Tucsa) and the National Union of Textile Workers (NUTW), a member of the Federation of SA Trade Unions (Fosatu)

The ITGLWF leadership recently visited SA and met all affiliates, but the NUTW did not attend a meeting they convened in Durban According to the official journal of Tucsa's Garment Workers' Union and the National Union of Clothing Workers, bitter complaints were made about "overseas money being used to disrupt and divide established unions instead of being used to organise the hundreds of thousands of unorganised workers

"The feud going on is clearly not in the interests of the workers involved," says the union's magazine "Workers who spoke at the conference alleged that threats and intimidation were used against them to pressurise them to leave their union and join the other unions"

NUTW general secretary John Copelyn says his union has been surprised by such allegations of intimidation "None of these unions has ever raised anything like this before," he says He says the NUTW strongly denies these claims and points out that it recently resorted to legal action in the wake of alleged assaults of its members by Tucsa union members

Copelyn says the NUTW does not see any basis for co-operation with unions belonging to a body such as Tucsa which has called for a ban on unregistered unions

10/11/83 ([redacted]) (184) ([redacted]) RDM

Police disperse 200 strikers

MORE than 200 workers who downed tools on Tuesday at the St John's Knitwear Company in Hammanskraal, near Pretoria, were dispersed by Bophuthatswana police yesterday

According to a spokesman for the South African Allied Workers' Union, most of the workers earned R22 a week.

The workers went on strike after wage demands were rejected by the company

A spokesman for the workers said negotiations for wage hikes, increased night shift allowances and sick leave pay, began two weeks ago

He said Mr Frans Lehabe, one of the firm's personnel managers, speaking on behalf of Mr G Licker, general manager, told the workers that all their demands had been rejected

When the workers demanded to see Mr Licker, they were told either to return to work, or go home They decided not to go back to work until their demands had been met.

Yesterday, Mr Licker is reported to have repeated the ultimatum to the workers in the presence of a large contingent of Bophuthatswana Police However, the workers stood firm on their demands

After about 20 minutes, the workers ran off, pursued by the police

The spokesman for the workers said nobody was injured in the incident — Sapa

Workers free to join new union — say Park Avenue bosses

C. Herald 17/11/83 (184)

Sacked women back at work

THE first round in the battle between the recently established Clothing Workers Union (Clowu) and clothing bosses ended amicably last week with the reinstatement of three dismissed workers and an assurance that employees were free to join a union of their choice

● THE three women who opted out of the big Garment Workers' Union of the Western Province to join the fledgling Clothing Workers' Union (Clowu) are from left: Vanessa van Beulen, Delia Vindvogel and Vanessa Mathews.

By Aneez Salie

The three, Vanessa van Beulen, Vanessa Mathews and Delia Vindvogel, were sacked by Park Avenue Lingerie in Diep River for allegedly being members of Clowu and they responded by instructing lawyers to take the matter to court

But before legal steps could be taken they were called to a meeting on Friday with the managing director of the company, Mr J Reinhart, and given their jobs back, with full pay

All the workers at the factory were given written notices of the reinstatement in which they were told, in part, by Mr Reinhardt "You are aware that three employees of the company were dismissed last week and there have been claims that they were unfairly dismissed

"Having consulted with various employer bodies and certain labour experts, we understand that there is some doubt whether their dismissal could be entirely justified on legal grounds

DIFFICULT

"In the circumstances we believe that we should not prejudice the futures of the employees concerned, particularly where there is doubt, and in these difficult economic times

"We have therefore offered to reinstate them in their jobs

"You are also aware that a union, the Clothing Workers Union, has been active in our area

"The company believes that every employee has a right to join a union of his or her choice No employee should be victimised or in any way prejudiced for joining or supporting a union"

SUPPORT

Miss Ruth van der Vindt of the Clothing Worker's Union said the reinstatement of the three workers showed that "we can get through our problems with the support of all the workers"

She said the union was very encouraged by the attitude of the Park Avenue management

"In giving letters to all their employees explaining their position in regard to the union's activities, they have made a very serious attempt to forge proper channels of communication for workers to belong to the union of their choice and that will contribute towards industrial peace," Miss van der Vidt said

The reinstatement is a significant breakthrough for Clowu in what is expected to be a protracted struggle between it and the giant Garment Workers Union which it has set out to break

In terms of a closed shop agreement, clothing workers are forced to join the Garment Workers Union

However, throughout the country, in many industries, closed shop agreements have been succesfully and legally broken

'This union cares'

WHY did the three women in the centre of the Park Avenue lingerie factory sacking controversy join the Clothing Workers' Union (Clowu)?

The three ladies are back in their jobs now after being dismissed for allegedly belonging to the new union But on factory floors throughout the Cape they are the talking point among the workers.

One of the women, Vanessa van Beulen, speaking on behalf of all three, said they felt the new union was a good thing

"Just look at what the other union (the Garment Workers' Union of the Western Province) has done for us.

"If we go to the Garment Workers' Union and tell them about a problem, they pick up the telephone and speak to the boss Then they just leave the matter even if the boss does nothing about it. They do nothing for us

DISAPPOINTED

"We have now seen that the Clothing Workers' Union cares about us. We were kicked out of our jobs and felt disappointed at first because we did not think we would be able to do anything Then we went to the union to take up our fight.

"The other women at work supported us but they could not show open support because they felt the boss could take action against them

"Now that Clowu has acted we have our jobs back."

Referring to benefits offered by the Garment Worker's Union, Miss van Beulen said "They want to give us money when we die We don't want it then, we need it now.

Asked how she saw the road ahead for the new union, she said. "We will have many problems, but we will just have to fight and then we will win"

QUALIFIED

● Miss Vanessa van Beulen, 24, is a qualified examiner, who has been working at Park Avenue for three years She worked previously at Tej Fashions She lives in Beethoven Street, Retreat

● Miss Delia Windvogel, 31, a factory clerk, has been working at Park Avenue for three years. She lives in Retreat.

● Miss Vanessa Matthews, 20, is from Steenberg. She started working at Park Avenue earlier this year.

BIG TRADE BATTLE LOOMS

C Herald 10/11/83

By ANEEZ SALIE

THREE Cape Town clothing workers are to take their former boss to court over alleged unfair dismissals, signalling the first shots in a battle royal between a new, independent trade union, factory managements and the giant Garment Workers' Union.

According to the three workers, they have been victimised for belonging to the recently formed Clothing Workers' Union (Clowu) and they will now take their case to the Industrial Court

The three are Vanessa Beulen, Vanessa Mathews and Delia Windvogel

They said they had been employed for a number of years at Park Avenue Lingerie in Diep River

There had not been any problems with their work and they were surprised when they were suddenly called to their manager's office, Miss Mathews said

"The manager questioned us about the distribution of Clowu's pamphlets at the factory and about our membership of the union

"It was rather frightening After the questioning we were given a minute's notice," said Miss Mathews

CONSULTED

"We had a No 2 entered on our unemployment card which indicates we lost our jobs because of a reduction of staff That is untrue We were sacked because of our membership of Clowu

"But we will not let the matter rest there We will now have it out in court"

Miss Mathews said that they had approached the Legal Resource Centre for assistance

Mr Geoff Budlender of the centre, confirmed that they had been consulted by the three workers

He said they had been instructed to institute legal proceedings They will charge that Park Avenue Lingerie had committed an unfair labour practice by dismissing the three women

The managing director of the company, Mr J Reinhardt, denied that the three had been dismissed for their union affiliation.

He said they had been asked to go because they had broken the company's disciplinary code

REFUSED

However, he refused to disclose what these breaches of discipline had been

The Clothing Workers' Union was established to break the strangle-hold which the conservative, 65 000-member Garment Workers' Union had on the industry, according to Miss Ruth van der Vindt, a spokeswoman for the new union.

Workers are forced, by virtue of a closed shop agreement, to belong to the Garment Workers' Union, said Miss van der Vindt

She charged that the Garment Workers' Union, the largest trade union in the Western Cape, had not seen to workers' grievances and had become management's "sweetheart" union

They had expected factory bosses to resist Clowu, said Miss van der Vind, and they viewed the dismissal of the three as "the first shots in a protracted war for the hearts and minds of the clothing workers."

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(184)

Praise for removal of controls

RDM 10/1/84

By PRISCILLA WHYTE

FREE market campaigner, Mr Brian Kantor, professor of economics at the University of Cape Town, is pleased import control has been replaced by tariffs in the clothing and textile industries

"Tariffs are bad enough, but we have to live with them because of the capital investments made in industry"

He believes tariffs adjust more readily than import control to world market conditions.

He is pressing for the elimination of import control on chemical precursors for man-made fibres

He says international trading conditions in the textile industry are made difficult by over-protection of the chemical industry

He says Sasol enjoys a high measure of protection, and this is causing other industries severe problems

Sasol's policies were based on oil price rises which did not materialise, he says

Prof Kantor says an investigation of the chemical industry is in progress

He believes the removal of price control on cement and bricks is opening these industries to foreign competition.

Removal of protection is the only way to expose local industry to competition, he adds.

Cape clothing industry less affected by recession

Argus 16/11/83

(184)

CLOTHING firms in the Western Cape have been hit less hard by the recession than those in other parts of the country, Mr Michael Getz, retiring chairman of the Cape Clothing Manufacturers Association, said last night.

He said in his annual report this was partly because most of this country's leading brand names were produced in Cape Town and partly because there was a wide product mix so that tough trading in men's clothing was offset by acceptable sales of women's and children's wear

A third reason was that retail chains based in Cape Town fared better than their counterparts in the Transvaal.

A fourth was that Cape Town was the dominant exporter of South African clothing.

OPPORTUNITY

"Recovery in foreign markets improved opportunity for growth in this area

"Exports, therefore, maintained and probably increased employment levels at this difficult time."

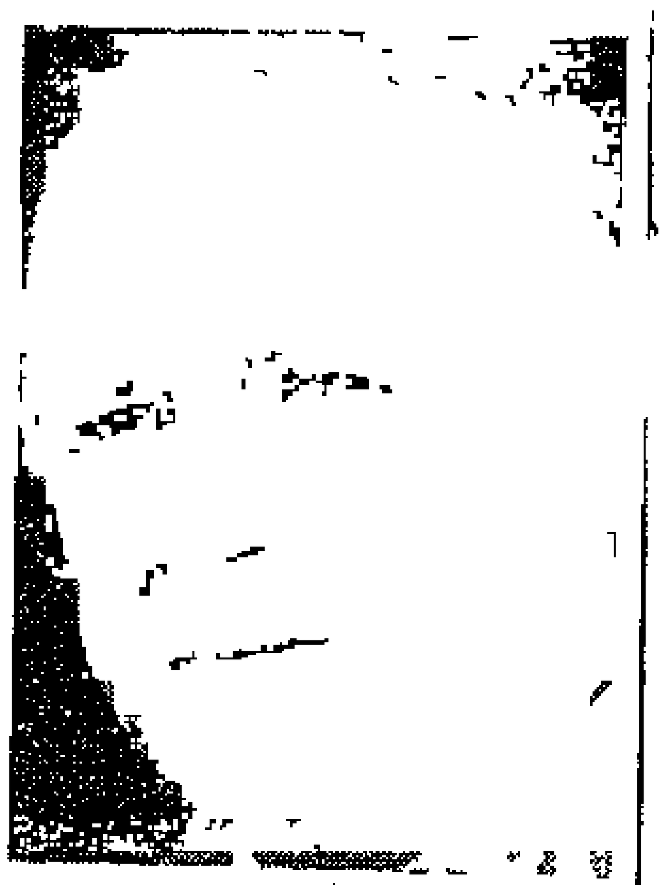
But employment in the industry had fallen by almost 6 percent in the past year Although there had been a slight recovery since August real improvement was not expected until late next year

In the longer term manufacturers in the Western Cape must look to exports for their growth end development

"Our domestic market will remain substantial and important for the foreseeable future.

"However, the challenge and opportunity of developing our potential really lies in the establishment of foreign markets"

It was important that confrontation between employers and the work force was avoided and that both realised they must work together "to promote and advance their separate but indivisible interests"



Mr Simon Jocum, immediate past president of the National Clothing Federation of South Africa, was elected chairman of the Cape Clothing Manufacturers Association at its annual meeting last night. Mr Jocum was chairman of the association from 1973 until 1977. He is a director of the Peerless Shirt Company.

Expert urges stress on productivity

19/4/83 (184) E. Post

A FOCUS on improved productivity had ensured that in the United States, clothing manufacture was the most profitable branch of the industry, a visiting US expert told Port Elizabeth clothing manufacturers this week

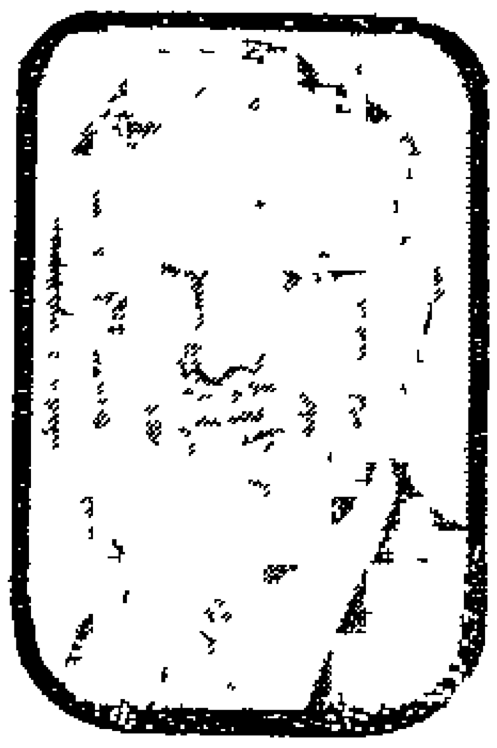
And notwithstanding the limitations to the local market and the time-lag which distinguished the experience of the South African manufacturer from that of his counterpart in the US, similar productivity gains were available to the SA entrepreneur willing to take the necessary risks

This was the central message conveyed to Port Elizabeth's substantial clothing manufacturing industry by Mr Jack Ullman, consultant with the New York firm of Kurt Salmon Associates, and specialist in the apparel industry

Addressing delegates to the Eastern Province Clothing Manufacturers Association annual meeting, Mr Ullman said total factor productivity in the United States for the period 1973-'79 revealed that among chemical fibre processors productivity had improved annually by 1,1%

By contrast textile producers had improved their productivity by 3,7% and apparel manufacturers by 3,8%

For the retail market generally productivity had risen over this period by 0,59% and for the United States economy as a whole by 0,4%



By Louis Beckerling

Business Editor

"This led to price increases in the clothing industry being well below the inflation rate, which made the apparel industry the most profitable of all — not on a percentage of sales, but on such measures as return on assets"

The level of productivity in the South African clothing manufacturing industry was "the same as that of the Caribbean countries", according to Mr Ullman — about half the levels achieved in the US

"South African accordingly has remarkable opportunities despite the inflation gap, because you can bring down this gap in productivity between yourselves and the United States — which currently imports about 25% of its domestic consumption of clothing, and will probably stabilise at about 45%," said Mr Ullman

The historical development of the US clothing industry, said Mr Ullman, had revealed three distinct phases

Emphasis in the '50s and '60s, he said, fell on competitiveness between manufacturers South Africa was still largely in this phase

As competitive advantage began to mean less management emphasis switched to marketing, alternative sourcing of raw materials, and asset controls ('70s and '80s)

"Now the emphasis has once again swung to total productivity, and indicators of the shift may be found in such issues as

- A return on capital which averaged 30% in the clothing industry
- Substantially increased market research expenditure
- A restructuring of the sales force
- Greater controls over work in progress and inventories

The key to making the necessary productivity gains in South Africa lay in increased capital investment in research and development and in technology, said Mr Ullman, and this was feasible behind the protective tariff barrier which existed in the country

Entrepreneurs not willing to make such investments for fear that the barriers may suddenly be removed would pay the price for not taking the necessary risks that they should be taking as entrepreneurs

Presenting a productivity check-list, Mr Ullman defined a number of concepts and the suggested targets for US clothing manufacturers

Price recovery

The average price change, minus the change in (weighted average cost of labour, capital, energy, raw materials, supplies and services Target −2% a year

Retail sell-through

The percentage of products sold "at first price" currently estimated at between 50% and 60% This provides a measure of marketing/sales productivity — target should be 85%

Sales force

Sales representatives in the US "probably perform at about 60%" of a standard based upon true potentials for penetration, total volume, new account openings and performance levels

Given properly set standards, training and incentives performance "should be at 90% of standard within three years"

Inventory turns

A mediocre industry-wide average estimated at 2,8 turns, could improve some 25% to 3,5 turns

FINANCE ARGUS 22/11/83 (184)

SA clothing industry has vast potential — US expert

JOHANNESBURG. — The clothing industry in South Africa has a vast growth potential which is not recognised by most manufacturers, says Mr John Ullmann, a United States management consultant specialising in clothing.

Speaking at a Press conference for the National Clothing Federation's two-day national convention to be held at Sun City this week, he said the industry had a growth potential of 6 to 7 percent a year, compared with one percent in the United States

"This country has a number of vital factors which are favourable for growth, the main ones being a virtually unlimited labour force and a growing consumer market.

"In addition you have protective barriers such as import control which enable you to develop the industry to meet the growth potential."

But most manufacturers did not appear to know how to tap the potential

In the past two weeks he had visited plants around the country and had been surprised at how much they had spent on development of plant and buildings.

GIVEN PRIORITY

"They are spending more on these things than is justified by their productivity In fact they should be spending most of their investment funds on training and motivating their labour force.

"After all, this is a labour intensive industry and will always remain so."

Even in the United States, where the industry was mechanised, less than half production time was machine-time. Training and incentive wages were given priority.

By contrast, in South Africa productivity seemed to be unacceptably low.

"The manufacturers should not allow themselves to be dominated by the retail chains They must initiate their own modernisation and marketing programmes".

Mr Ullmann emphasised that the clothing industry was an "entry level labour industry" as well as being "the largest employers of secondary labour and therefore of interest politically."

Mr Ullmann is vice-chairman of Kurt Salmon Associates of New York. — Sapa

Steenkamp defends stand on import curbs

ARGUS 23/11/83

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SUN CITY — Professor Frans Steenkamp, chairman of the committee of inquiry into the textile and clothing industries, defended the committee's call for the ending of quantitative controls on imports here today

He was speaking at the National Clothing Convention

Professor Steenkamp's committee has been strongly criticised for its recommendation that quantitative controls on clothing and textile imports should be replaced by greater tariff protection

He said quantitative import controls were objectionable because they interfered with the workings of the free market system, which protection in the form of tariffs did not do

"Qualitative import controls are a nice shelter behind which the interests affected can maximise their profits, but the common weal cannot be served by interfering with the free market regime in this manner

Excessive level

"Being as competitive as it is, the clothing industry should be one of the last of our manufacturing industries to desire protection at an excessive level or of an objectionable nature

"I am convinced that it will not want to put forward unacceptable demands, provided its costs are not unjustifiably raised by state action"

It would be counter-productive if protection were granted at the expense of industries having greater comparative advantages in world trade, such as certain industries in the primary sector

Since 1948 certain sectors of the local textile and clothing industries had become overprotected, mainly through quantitative import control and, to a lesser extent, through the habit of the Board of Trade and Industries of looking to the West for "normal" prices in fixing formula duties

Scaled down

"The committee, therefore, proposed that the existing protection be revised in such a manner that import tariffs take the place of quantitative import control and, where necessary, be either raised or scaled down over time"

Quoting from the committee's report, Professor Steenkamp said "This country's main economic problem is the provision of employment for its explosively growing black population

"Its labour-intensive industries, such as the clothing industry, should be assisted to develop even faster than in the past Faster growth can be realised by avoiding cost increases caused by overprotection of upstream activities"

Materials and labour were the most important cost items in the manufacture of clothing But South Africa, through its labour policies tended to raise labour costs artificially to levels that reduced the international competitiveness of its manufacturers

"We have done so, in the first place, by introducing into our labour legislation various discriminatory provisions that have curbed the occupational and geographic mobility of sections of the population

"The occupational curbs, in particular, have generally raised the level of labour costs in the higher semi-skilled and skilled occupations significantly Most of these legal curbs have recently been abolished, but their adverse effects linger on

"We have artificially raised labour costs, in the second place, by allowing certain types of labour contract, such as piecework and outwork, to be outlawed in our industrial council agreements and in our official wage determinations"

Outwork and piecework were important factors in the competitiveness of the clothing industry in the East and Italy

Denied advantage

"We have denied ourselves the advantage which they carry"

The committee of inquiry had "slipped up" by missing the opportunity of recommending that the Department of Manpower "take action to discourage, if not prevent, the prohibition of piecework and outwork in official wage determinations and industrial council agreements" — Sapa

Court action against factory

Cape Times 11/11/83

By RIAAN DE VILLIERS

THREE clothing workers have started an industrial court action against a Diep River clothing factory, claiming they have been unfairly dismissed because of links with a new clothing workers' union being set up in the Western Cape.

The Clothing Workers' Union (Clowu) was launched at the end of last month in opposition to the Western Province Garment Workers' Union.

'Skirmish'

The court action is the first skirmish in what may become a protracted factory-floor war as the new union seeks to make inroads on the massive established union, with a closed-shop agreement with employers and a formal membership of some 60 000.

The workers claim they were summarily dismissed by the manager of their company, Park Avenue Lingerie, after being questioned about their links with Clowu and the distribution of pamphlets within the factory.

'Victimized'

Following their dismissal they approached the newly-established Cape Town office of the Legal Resources Centre for assistance.

Mr Geoff Budlender of the LRC confirmed yesterday that he had been instructed by the three workers to prepare an industrial court action on the grounds that they had been victimized.

If the industrial council could not reach a settlement, the main dispute would then go to the court, he said.

'Discipline'

Mr J Reinhardt, managing director of the clothing firm, said yesterday the firm had not been officially informed of any pending legal action.

He confirmed that the three workers had been dismissed in a "normal disciplinary action" about 10 days ago but strongly denied that this had been caused by their involvement with the new union.

Business Day

Steenkamp's missed chance

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RDM 24/11/83

By PRISCILLA WHYTE

PROFESSOR Frans Steenkamp said yesterday his committee had missed an opportunity by not recommending that the Department of Manpower allow piecework and outwork in industrial council agreements.

The chairman of the committee which inquired into the clothing and textile industries told the National Clothing Convention at Sun City "We have artifically raised labour costs by allowing piecework and outwork to be outlawed in our industrial council agreements and in our official wage determinations"

Outwork and piecework were important factors in the competitiveness of the Far East and Italy

"By introducing discriminatory provisions into labour legislation that curb occupational and geographic mobility, labour costs in the higher semi-skilled and skilled occupations have been raised significantly"

Although most of these legal curbs had been abolished, the adverse effects lingered on

Black trade unions threatened to cause an increase in work stoppages and disturbances The solution to this problem was communication and consultation by the appointment of the right men in the key positions of personnel manager and works foreman

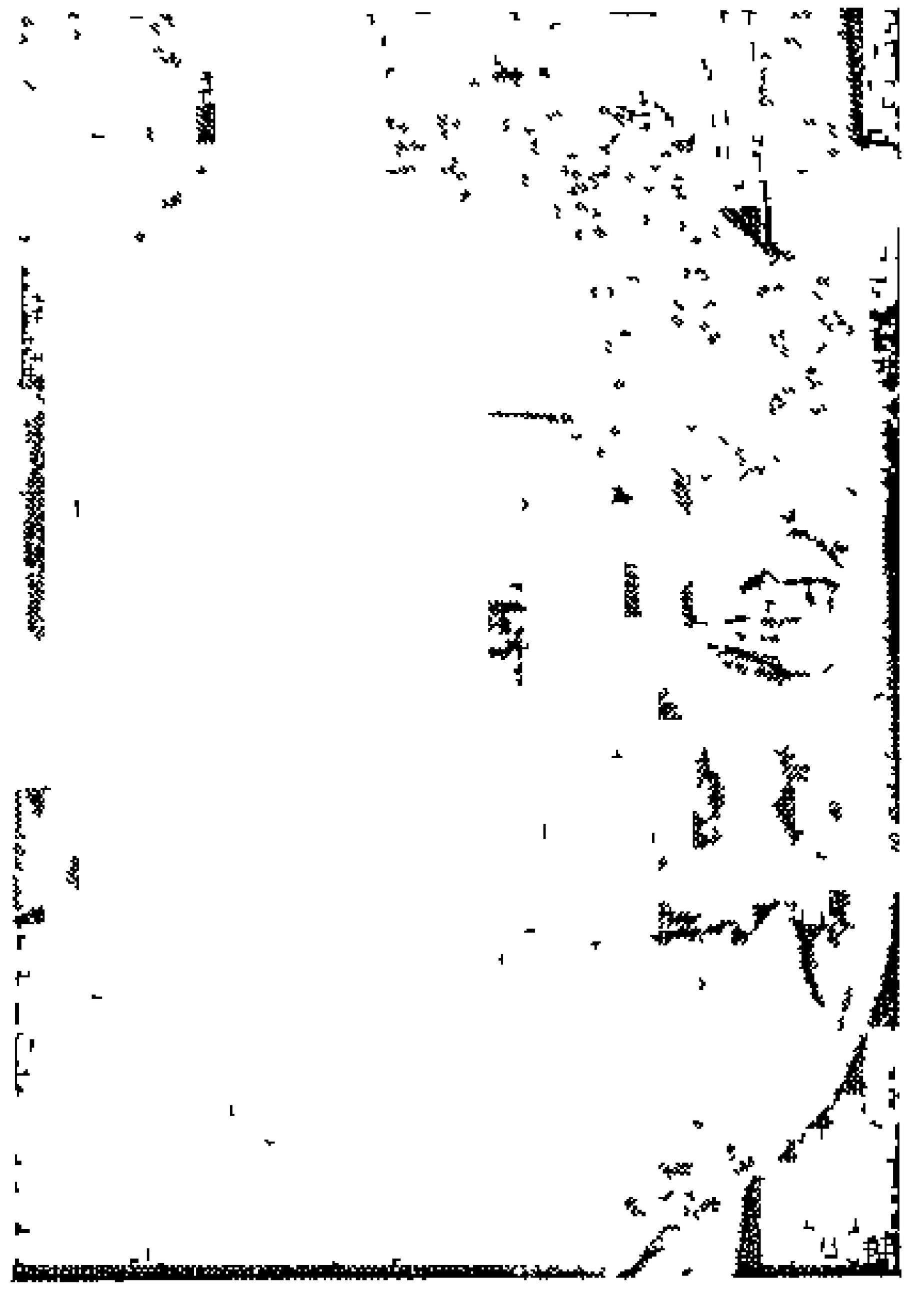
Compared with with Western Europe and North America, SA was a low-wage country SA wages were comparable with those of Hong Kong, South Korea and Taiwan But SA labour costs were higher because of low productivity of the labour force

He said the National Productivity Institute had assured his committee that SA clothing manufacturers "can hold their own against international competition"

He believed this labour-intensive industry could claim particular consideration for protection However, protection would be counterproductive if it interfered with the free-market system "Protection in the form of tariffs does not interfere whereas in the form of quantitative import control it does."

Quantitative import control "is objectionable and the clothing industry should be one of the last of our manufacturing industries to desire protection at an excessive level or of an objectionable nature"

Protection involved the transfer of income from the consumer to the manufacturer and the size of that transfer should be determined by national not individual or group interests.



PROF STEENKAMP.

Call for move on export incentives

By PRISCILLA WHYTE

THE Government's failure to move decisively on export incentives was a danger, Mr Mike Getz, executive director of Seardel Investments, told the convention

South Africa had some of the world's costliest producers of raw materials for the textile and clothing industries because of the impact on them of the railways, Iscor, Escom and Sasol

Too much attention had been paid to capital intensive investment

While this situation endured, the structure of SA's international trade would continue unabated

LETTERS TO THE EDITOR
Write to Box 56, Cape Town 8000

Not forced to join clothing union

ARGUS 11/11/83 (184)

I REFER to a report in The Argus of November 3 headlined "New union for clothing industry" It implies that the entire workforce of the clothing industry belongs to the Garment Workers' Union of the Western Province because they are forced so to do by a closed shop provision dating back to 1936

But it will be seen from clause 14 (2) of the Industrial Council agreement for this industry that not all firms have to be members of the employer organisation and not all employees in the industry have to be members of the trade union

The actual position is that many factories are engaged in the manufacture of garments in Cape Town and environs which are not members of the Cape Clothing Manufacturers' Association or the Cape Knitting Industry Association, the other employer party to the council

If there are factories which are not members of the association, clause 14 (2) would not force their workers to be members of the Garment Workers' Union

If all the workers are members of the Garment Workers' Union, it is not because of clause 14 (2) or any other provision or action to which employers individually or through their trade associations are required to be a party.

All clothing workers are not forced to be members of a trade union and the statement in the article, namely, "the closed shop makes it a condition of employment for all workers to belong to the union" is patently not correct

C E McCARTHY
(Secretary)
Cape Clothing Manufacturers' Association,
Cape Town

The Labour reporter replies *According to the general secretary of the Garment Workers' Union of the Western Province, Mr L Petersen, the overwhelming majority of workers in the clothing industry — 56 000 out of about 63 000 — belong to his union A spokesman for the South African Labour and Development Research Unit said the closed shop agreement in question specifies that no employer who belongs either to Mr McCarthy's association or to the Cape Knitting Industry Association may employ a non-union member Conversely, no union member may work for an employer who is not a member of the employer associations party to the Industrial Council agreement Mr McCarthy is correct in pointing out that not all employees in the clothing industry are affected by the closed shop agreement Employees in the industry who are not members of the union are described by Mr Petersen as being people earning above average wages, doing specialist jobs such as designers, middle-management and computer operators.*

More letters on page 22

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CII .. .. cloth

Firm reinstates fired workers

Cape Times 12/11/83

184 [redacted] Staff Reporter

THREE dismissed Diep River clothing workers got their jobs back yesterday after starting an Industrial Court action against their firm, Park Avenue Lingerie

The workers claimed they had been unfairly dismissed because of links with the new Clothing Workers' Union, which has been set up in opposition to the Western Province Garment Workers' Union

Yesterday Mr J Reinhardt, the firm's managing director, issued a letter to all members of staff notifying them that the three workers had been reinstated

Having consulted various employer bodies and labour experts, management understood there was "some doubt" whether their dismissal could be entirely justified on legal grounds, he said

In the circumstances, the company believed it should not prejudice the futures of the workers concerned

He added that the company believed all workers had a right to join a union of their choice, and that no employee should be victimized "or in any way prejudiced" for joining or supporting a union

But he reminded workers that union organization and recruitment should continue to take place outside working hours, as in the past

Mr Geoff Budlender of the Legal Resources Centre — who has been preparing the workers' case — said he had been informed of the reinstatement, and the court action would now fall away

Advantage of

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184 FM 18/11/83

CLOTHING

Tighter belts

The clothing and textile industries are dismayed by what they see as poor management by retailers leading to excessive destocking Some large chains may well have shot themselves in the foot, says Stanley Shlagman, executive director of the Textile Federation

He says while there has been a 6% volume drop in retail sales, textile manufacturers are reporting a fall of more than 20% and clothing manufacturers about 12% Over the past 18 months, this has resulted in some 14 000 textile workers being retrenched, and another 8 000 being put on short-time

"Had there been better planning by the retail trade and less pushing of panic buttons, the effect on industry might have been minimised," he says He backs his argument with Edgars results which show that while profits were down, year's turnover increased

"Profits might not have tumbled as much had managements helped to keep more people, who are potential shoppers, in employment," he says "There is, after all, a great deal of linkage between the industries Now there is pressure to fill some of the gaps caused by short ordering and we are having difficulty to supply"

Clothing Federation president Hugh Yorke-Mitchell confirms that some retailers are "panic buying" stocks for Christmas "It will benefit everybody but the textile producers who, in many cases, ran out of stocks a long time ago," he says

Edgars chief executive Vic Hammond admits there has been short ordering in some areas "Sure people are running around for stock in certain items," he says "At the moment there is no doubt we all under-estimated the strength of the market in ladies' shirts and T-shirts

Nevertheless, Hammond says, total destocking has not been excessive

Retail clothing sales were worth R3 000m in 1982 and are expected to reach R3 300m by value this year This represents a 6% in volume terms

Garment trade agreement

23/11/83 184

By JOSHUA RABOROKO

Sowetan

TRADE unions in the garment and clothing industries and their employers have agreed on a "Code of Practice" which lays down how workers may be retrenched and what compensation should be given to them

The agreement was reached at the same time as the Industrial Council agreement between employers, the Garment Workers' Union of SA and the National Union of Clothing Workers (SA), but it does not form part of this agreement, it is a "gentlemen's agreement" between the parties.

According to the official journal of the union "Garment Worker" this informal agreement provides some protection for workers laid off in a recession, rather than normal dismissal.

The agreement gives protection and guidance to employers who have to lay off staff because of reasons beyond their control. If they follow the code, they will not meet with opposition from the union.

The magazine says it should be noted that workers cannot get the compensation agreed upon here and the long term service bonus as laid down for ordinary termination of service of retirement, in the main agreement.

Kantor sees big benefits for clothing industry

ARGUS 29/11/83

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By DEREK TOMMEY
Financial Editor

THE issue of the report of the Steenkamp committee should be regarded as one of the great moments in the history of the South African clothing industry, says Professor Brian Kantor, head of the school of economics at the University of Cape Town

In an address to the National Clothing Convention, Professor Kantor said the clothing industry stood to be a primary beneficiary of the Government's new industrial strategy of ending import controls

In the past South Africa had suffered rather than benefited from its policies of import protection and that even the "moderate and selective" protection provided by the Board of Trade and Industries had reduced rather than promoted economic growth in South Africa

HIGHER TARIFFS

The clothing industry should recognise that it could get protection not just by higher tariffs or import controls but also by seeking less protection for producers of inputs for the industry

The clothing industry had emerged extremely well from the Steenkamp inquiry into the textile and clothing industries, with strong arguments why it should be nurtured

But the reaction of the industry had been unenthusiastic and little different from that of the fibre and chemical producers who had much more to lose

The report of the Steenkamp committee showed how protection had got out of hand.

DISADVANTAGES

In examples of "price disadvantages" experienced by South African firms, it reported that in 1982 the local prices of polyester fibre, cotton type, were 57 percent higher than in the Republic of China and in South Korea, 51 percent higher than in Italy and 23 percent higher than in Britain

Local prices of polyester yarn 167 decitex were 99 percent higher than in the East, 38 percent higher than in Italy and 45 percent higher than in Britain

The prices of nylon yarn 44 decitex were 57 percent higher than in the East, 45 percent higher than in Italy and 9 percent above the British price.

Professor Kantor replied to a recent claim by Mr Denys Marvin, chairman of AECI, the country's biggest chemical company, that the Government was taking industry "down the road to disaster" by removing quantitative import controls

Professor Kantor said the idea that certain sectors of the economy should be insulated from the chill winds of international competition while other sectors were exposed to it, had simply had its day

"Not that Mr Marvin has, as yet, anything to complain about

"Compared with almost all major chemical companies around the world, AECI has performed very well indeed, despite recession in South Africa and, despite the fall in chemical and oil prices worldwide.

"South African consumers, in one way or another, have paid the higher prices necessary to provide for their profitable production, despite depressed world markets"

Business Day

(184) RDM 30/11/83

Protection's image fades

South African industrialists and economists are divided, often sharply, about how much protection should be given to domestic production against imports. Two contrasting views were given at the National Clothing Convention at Sun City — as PRISCILLA WHYTE reports.

SOUTH AFRICA has suffered from import protection, according to Professor Brian Kantor, Professor of Economics at the University of Cape Town.

"Even the moderate and selective protection provided by the Board of Trade and Industries has reduced rather than promoted economic growth. We are not about to enter a brave new world of free trade. The BTI is to continue with business as usual."

Prof Kantor said protection diverted resources from efficient uses and, by inhibiting economic growth and income, reduced employment.

"If imports are reduced so are exports and if a rand earned in exporting is worth more than a rand earned on the domestic market there is something wrong with the exchange rate."

Nothing dramatic was likely to affect industry in the short run but the new attitude to imports was a change in direction after 40 years.

Prof Kantor said the policy of extending protection to where production was less capital-intensive, but where the manufacturer was subject to higher cost inputs, had made the clothing industry highly vulnerable to foreign competition and more dependent on protection

"The release of the Steenkamp Committee report should be regarded as one of the great moments in the history of the SA clothing industry. The unenthusiastic reaction of representatives of the clothing industry sounded very little different from that of the fibre and chemical producers who have much more to lose."

Protection for the clothing industry resulted in dearer clothing for the public

He challenged Mr Denys Marvin, managing director of AECI, who is reported to have said that he could not contain himself about "those academics and bureaucrats who have never tried to sell anything and who are bent on destroying the economy".

Prof Kantor said the purpose of the BTI's protection was not to guarantee full capacity utilisation and return of capital on investment

"The basis for the original protection of the synthetic fibre, yarns and chemical industries was made dependent on low tariffs of between 15% and 25% ad valorem. These duties were later increased. Mr Marvin is wrong when he suggests that I, or those of my ilk, have never tried to sell anything We have attempted to sell in the most difficult market place of all — ideas."

The Steenkamp report, he said, had rendered protection valueless

"The idea that certain sectors of the economy should be insulated from the chill winds of international competition has simply had its day."

Strategic interests were best served by mutual interdependence with other countries through trade rather than self-sufficiency.

FREE-TRADE theories are unrealistic, according to Mr Stanley Shlagman, executive director of the Textile Federation.

He told the conference: "Industry has had a constant struggle to preserve a solid manufacturing base against increasingly powerful academic and theoretical proponents, who have a misty-eyed vision of a better society based on unrealistic free trade."

Protection, properly applied and correctly administered, was concerned with the survival of industries and not with feather-bedding and inflating profits. "Protection does not, and should not, guarantee profits. Its task should be limited to creating a domestic market environment wherein normal and effective competition flourishes, but which is not bedevilled by the effects of destructive and predatory imports."

Mr Shlagman gave comparisons of profitability in the main industrial sectors in 1979. The annual average value of production an employee for the clothing industry was R7 060 against an average of R22 336 for manufacturing as a whole. Profitability an employee for the textile industry was below the average for total manufacturing.

Mr Shlagman said that in 1979 the clothing and textile industries were "reasonably well protected, both by tariffs and quantitative import control and especially by the latter in the case of the clothing industry. It should be difficult to deduce that protection had much influence on the profits of these two industries, which ranged from poor to mediocre."

The clothing and textile industries were compared over 13 years — 1966 to 1979 — by Mr Shlagman. No trend in profitability for textiles could be noted between 1966 and 1976 and 1979, and changes in the 13 years were only marginal. There were two major increases in the tariff protection — in the middle of 1977 and early in 1980.

The major increase in profit an employee for 1979 was to some extent accounted for by inflation. Another factor was the increase in capital investment. Between 1966 and 1979 the increase in the value of production an employee was 255% compared with a profit an employee increase of 273%.

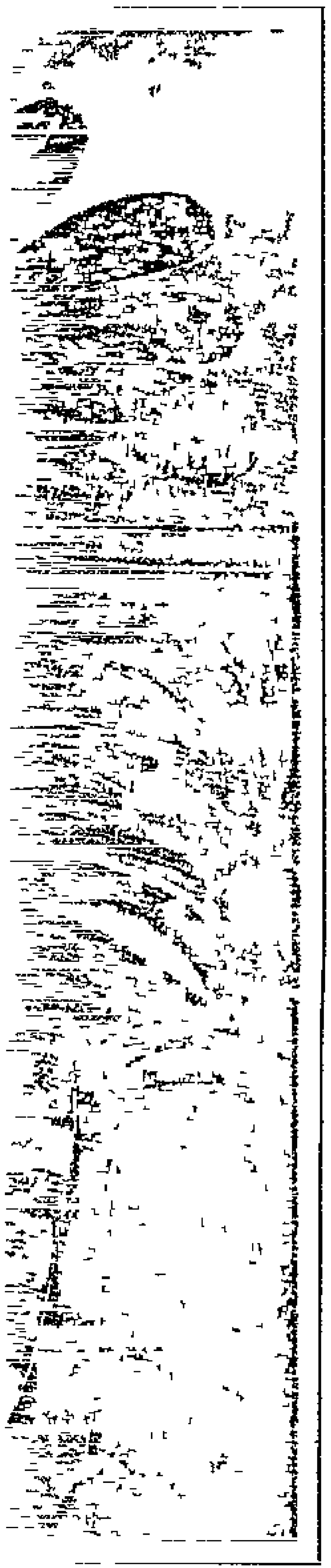
Inflation affected values and enhanced labour productivity based on increased capital spending played a role. The increase in capital was marked between 1976 and 1979 when production jumped from R9 428 to R14 630.

Profits as a percentage of turnover for the 13 years for textiles and manufacturing were 8,3% against clothing's 5,3%. Profits as a percentage of added value gave textiles 21,5%, total manufacturing 20,4% and clothing only 12,2%. Mr Shlagman said that whether this was a chronic and acceptable situation for the clothing industry was something it could ponder.

"If these figures were progressively deflated to allow for inflation, the real recovery per employee would drop more than 50% in a situation of static labour productivity and even by a greater factor if some productivity improvements did in fact take place "

In the 13 years the clothing industry had access by way of rates to duty-free imports of 25% of its total input. The textile industry had 25% to 30% of material input protected, and the balance was mostly at world-related prices.

Mr Shlagman believes the reasons for the low profit performance of the clothing industry cannot be ascribed to its supply line. The increasing concentration of buying power in a small number of powerful retail groups is leading to setting of prices by powerful buyers. These are accepted by compliant but unwilling weak sellers. Many buyers are directly involved in clothing manufacture



WAGE NEGOTIATIONS

Recession blues

The annual wage negotiations at African Explosives and Chemical Industries (AECI) have reached a critical point as unions report the company's latest offer back to their members. Twelve unions are negotiating on behalf of the 15 000 workers at AECI's Modderfontein, Somerset West, Midlands (Sasolburg) and Umbogintwini plants.

According to a union source, the company has rejected the unions' 20% demand and has made a counter offer of 13% for lower-paid workers and 10% for more skilled ones. AECI's offer will raise the minimum wage in the company to R408,90 a month.

The SA Chemical Workers' Union (Sacwu), an affiliate of the Council of Unions of SA, represents the majority of black workers while the SA Allied Workers' Union (Saawu) represents a small portion. Other unions involved include the SA Boilermakers' Society, the Amalgamated Engineering Union, the SA Iron, Steel and Allied Industries Union, the SA Electrical and Allied Workers' Union, and five other all-white conservative unions.

Boilermakers' assistant general secretary Okkie Oosthuizen says he "doubts that the unions will accept the company's offer." He foresees the possibility of a dispute being declared with the support of most of the unions.

The black unions, though, are likely to tread cautiously this year. Last year's wage dispute led to the first-ever national legal strike by more than 8 000 Sacwu and Saawu

Continued on page 51

members at the four plants. They returned to work after four days without winning any gains in response to a management ultimatum to return or be dismissed.

Both AECI and Sacwu have declined to comment on the progress of the talks. Saawu could not be contacted.

In other developments in end-of-year wage negotiations:

☐ The Commercial, Catering and Allied Workers' Union of SA (Ccawusa) has declared disputes with 3M and Checkers. At 3M the union has rejected an across-the-board offer of R61/month and is demanding increases ranging from R100 to R150. A 3M spokesman says the company is still willing to negotiate provided the union reduces its demand to more "realistic" levels.

A Ccawusa spokesman argues that the US parent company pays a minimum $4/hour and that the local subsidiary is "taking advantage of cheap black labour" in SA. The dispute, which involves 280 employees, is being referred to mediation.

The Checkers dispute has also been referred to mediation which is due to begin this week.

☐ The Paper, Wood and Allied Workers' Union (PWAWU) is to negotiate wages at plant level with Mondi and Sappi after rejecting an employer offer for an 18c/hour increase at the Industrial Council for the Pulp and Paper Manufacturing Industry.

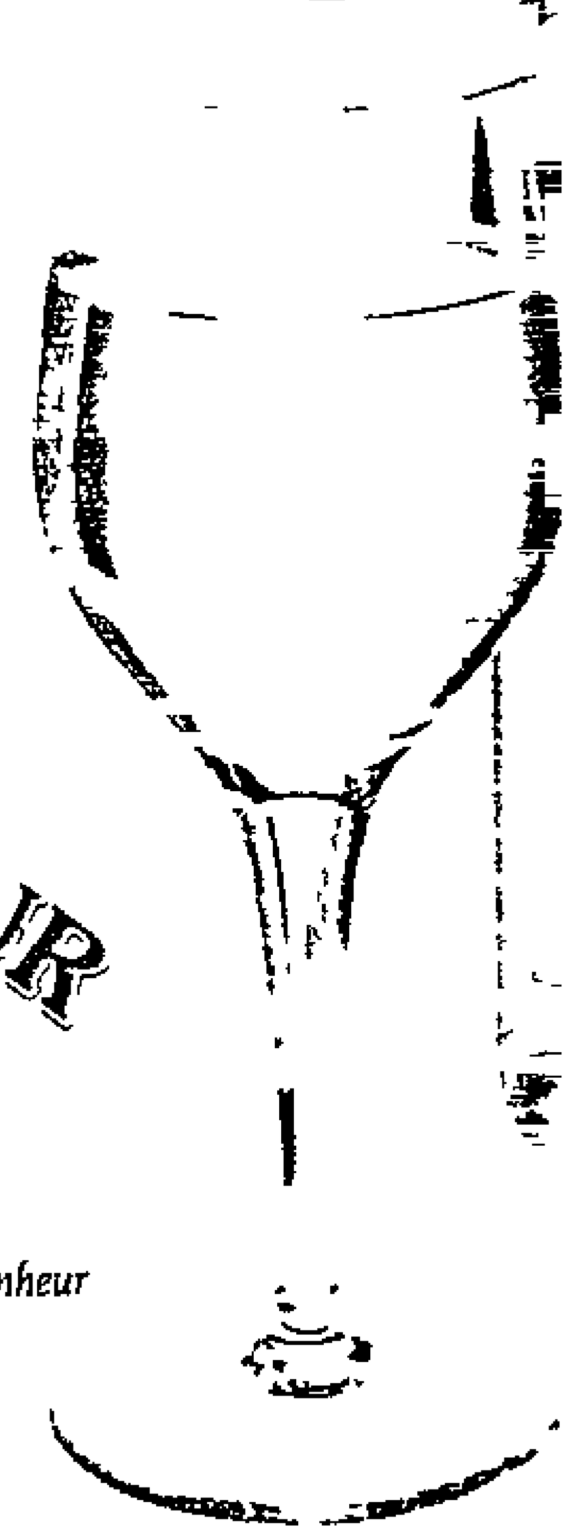
Breakthrough

According to PWAWU, this constitutes a breakthrough as previous efforts to convince the two companies to negotiate outside the council have been unsuccessful. The irony is that PWAWU, an affiliate of the Federation of SA Trade Unions, has been a vociferous critic of the industrial council system. It only joined the council after Sappi and Mondi refused to negotiate at plant level.

There has been speculation that the reason the two companies agreed to this step, after resisting it for so long, is that they could not agree on whether to increase the wage offer at the council. Spokesmen for both Sappi and Mondi declined to comment. The two other major companies in the industry, Nampak and Carlton Paper, have already granted PWAWU this concession.

☐ Industrial council negotiations in the troubled eastern Cape motor industry are in progress. The parties are tight-lipped about developments, although one employer source says some clarity about whether any agreement is imminent should emerge this week after a further meeting between the parties.

The decline in the motor vehicle market has led to thousands of retrenchments in recent months. There has also been unconfirmed speculation that the amalgamation of Ford and Amcar will lead to a "rationalisation" programme which will shrink the Ford plant and make up to 2 000 more workers redundant.



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January wage increase for Natal garment workers

Mercury Reporter

THE second stage of a new wage structure for nearly 50 000 Natal garment workers will come into effect from January 1 next year with further pay increases of up to 12 percent for some workers

Mr Frankie Hansa, general secretary of the Tusca-affiliated Garment Workers' Industrial Union, said yesterday the revised scales were agreed to by the union and the Clothing Manufacturers Association last year The first stage of the agreement was implemented in January this year

A feature of the new increments was the elimination of the wage disparity based on sex 'While this longstanding grievance has been abolished, a sting in the new deal has been the increase in fringe benefits, comprising the sick and provident funds, which have been upped by as much as 70 percent,' he added

In terms of the new structure, a head cutter now earning R115 a week will earn R126,50 a week in January — a hike of R11,50 A cutter and trimmer earning R90 a week will get R9 more, pushing up his pay since the new agreement came into being last year by nearly 50 percent

Mr Hansa said parity in pay between male and female workers was reached in January this year when the wages of a qualified grade one male machinist earning R42,40 a week at the time, and his female counterpart earning R36,30 a week, were both increased to R50 a week They would get a further increase of R5 next January

Mr Hansa also disclosed proposals by the union to form a new fund to help members who were unemployed If approved at the union's general meeting next week the union membership fee would increase from 65 c a week to R1 a week from January 1

One of the benefits was that if a member who lost his job and the union was unable to find him alternative work, he would get 45 percent of his wage for six months

'This is in addition to what the member will collect from the Unemployment Insurance Fund from the Department of Manpower This means that the member will get 90 percent of his wage if he is unemployed,' he added

Clothing workers get R9,3-m rise in pay

ARGUS 8/12/83

184

Staff Reporter

CLOTHING workers in the Western Cape are to get a pay rise from Monday worth about R9,3-million a year

This will put about R180 000 a week into the pockets of the 59 000 workers, and comes in time to be included in their end-of-year bonuses

The rise is the result of a new 12-month wage agreement and follows a cost-of-living adjustment in mid-year and a R9-million-a-year pay rise in December last year.

Machinists, the largest group, are to get a R2,50 rise to a basic R54 a week, taking their pay to 26 percent more than the R42,80 minimum a year ago

The lowest grade, learners, will now get R36, up from R32

REVIEW IN JULY

Provision is made in the agreement between employers and the Garment Workers Union for another wage review next July to compensate for inflation in the next six months.

The chairman of the Cape Clothing Manufacturers Association, Mr Simon Jocum, said today competition is so tough that companies will not be able to increase prices, and will have to absorb the pay rise

"We are in a buyers' market Clothing firms are under pressure Business could get worse next year Most manufacturers will have to make up for the increase by better productivity somewhere along the line"

Under the wage agreement, increases will now be automatic every six months.

RDM 13/12/83

Union blocked from Natal council

By STEVEN FRIEDMAN
Labour Correspondent

THE National Union of Textile Workers, affiliated to the Federation of SA Trade Unions (Fosatu), has applied to join an official industrial council in the Natal clothing industry — but says its application has been blocked by a union affiliated to the Trade Union Council of South Africa (Tucsa)

The union has appealed to the Minister of Manpower against the blocking move and may take the matter to the industrial court

Earlier this year, NUTW joined the industrial council in the Transvaal knitting industry — after its application to join that council had also been blocked by Tucsa unions

NUTW threatened industrial court action to win a place on the council and, in a settlement of the dispute, it was eventually awarded two seats on it

The application to join the Natal clothing council is seen as significant as it heralds an attempt by Fosatu to establish a presence in the clothing industry proper, which has long been a stronghold of Tucsa unions

Various Tucsa unions have, through industrial council membership, negotiated closed shop clauses with employers which force workers to belong to them

The move is also a continuation of a trend whereby some Fosatu unions, who initially opposed joining councils, have been prepared to join them under certain conditions

An NUTW spokesman said yesterday that the union had recruited most workers in a Pinetown clothing plant near the complex of mills owned by the Frame textile group

On the strength of this, NUTW applied to join the council, he said

The spokesman added that NUTW had "substantial" membership in clothing plants in the Hammarsdale area of Natal, but added that Hammarsdale was not covered by the industrial council agreement

Labour law allows unions already on a council to block the applications of new unions who wish to join councils

NUTW's spokesman said the Garment Workers Industrial Union (Natal) had vetoed its application to join the council and the union was now forced to appeal against this decision

Its application to join the Transvaal knitting council was blocked by Tucsa's Garment Workers Union and National Union of Clothing Workers

The general secretary of the Natal garment union, Mr F Hansa, was not available for comment yesterday

Business Day

Little cheer for Steenkamp

RDM 14/12/83 184

By MIKE JENSEN

THE adoption of the Steenkamp Committee's recommendations on the textile and clothing industry emphasises the Government's resolve to stimulate exports

Manufacturers, however, are critical of the ability of the new measures to carry out the Government's intentions

The Steenkamp report said South African manufacturers should become more export-oriented by exposure to greater foreign competition.

Quantitative import controls have been abolished in favour of a tariff system likely to result in cheaper foreign textiles and clothing entering the country

It will be difficult for manufacturers to switch to exports to counter the loss in income from the SA market, says Mr Harry Pearce, chief executive of Da Gama Textiles

"One of the larger US mills could account for 70% of the total South African production We have much smaller mill-runs than most of our international competitors So it makes it hard to compete with their economies of scale "

Although the withdrawal of the quota system will make imported raw materials for the manufacture of exports cheaper, Mr Pearce does not believe this will make a substantial difference to total costs

The executive director of the National Textile Federation, Mr Stanley Shlagman, says duty-free imports will not be enough to create a competitive international price unless exports are stimulated in other ways

"The ability of these new measures to stimulate exports is seriously in doubt unless we implement the sort of export incentive schemes that Europeans have"

While acknowledging these problems, a Steenkamp Committee member, Mr Vivian Cunningham, says there are examples of successful South African exporters which should be followed

"Opportunities do exist and gaps in the overseas market will have to be sought out Growth in exports won't happen overnight But if our industrial strategy is going to work, then manufacturers will have to adapt."

Dr Paul Hoogendyk, the chairman of the South African Foreign Trade Association, says the new measures should result in local manufacturers getting export rebates on a more streamlined basis This should help cash flow.

"Furthermore, industry will no longer have a captive local market, so productivity will be stimulated and manufacturers will be forced to take a more serious look at the export market"

Textile and clothing men wary of decision to scrap import quotas

~~96~~ ~~177~~ 184 RDM 12/12/83

By MIKE JENSEN

GRAVE reservations are being expressed by textile and clothing manufacturers over the Government's approval of recommendations by the Steenkamp Committee

As a result of the recommendations import quotas for clothing and textiles will be abolished.

In a statement accepting most of the recommendations of the official Frans Steenkamp Committee, set up to look at the textile and clothing industries, the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, said it had been decided to remove quantitative import control on both sectors

The decision to accept the bulk of the committee's suggestions did not surprise industry representatives

They expressed dissapointment and concern, however, that the Government might be pursuing an ideological rather than pragmatic course of action which did not take into account the unemployment issue, nor the ability of the Board of Trade and Industries' to implement adequately the necessary tariff procedures

"The textile and clothing industries are the largest employers in secondary industry and the potential to import unemployment through these new recommendations just cannot be ignored," said Mr Hugh Yorke-Mitchell, immediate past president of the National Clothing Federation.

"It is vital to protect these employees but we have grave doubts about the ability of the BTI to implement and cope with a tariff system which can provide protection efficiently and quickly"

Mr Stanley Shlagman, executive director of the Textile Federation, said that a large portion of the Steenkamp report was theoretical and did not deal with the realities of international trade.

However, his organisation was willing to accept the recommendations if they were all given equal importance It was not enough merely to approve the substitution of quantitative controls with tariffs, as it was implicit that there would have to be a capable adjudicating body.

"The international trading situation is far from static and, therefore, a fluid tariff structure requires that the BTI must be able to monitor the whole of the international trade scene and be highly responsive to the need for changing tariffs," said Mr Shlagman.

"Textiles and clothing are especially subject to a variety of pricing influences which can lead to dumping If tariffs are not timeously applied then the whole of textile industry could be irreparably damaged."

Although Dr De Villiers' statement has indicated the BTI's staff, as well as that of the Commissioner for Customs and Excise would be strengthened, both Mr Yorke-Mitchell and Mr Shlagman voiced doubts that this would be sufficient.

"The machinery does not exist for handling applications quickly and the BTI is so under-staffed and underpaid that it will be very difficult to find the large numbers of people it would need to be effective," said Mr Yorke-MItchell

As an indication of the extent of the problem, Mr Shlagman pointed out that the Textile Federation submitted two applications more than 30 months ago and had not yet had an answer

However, the president of the National Clothing Federation, Mr Mike Getz, said he did not believe it was the intention of the Government to wipe out the textiles industry. He hoped that the adoption of the Steenkamp recommendations would provide the motivation to make South Africa's raw materials more competitive.

"We have to deal with a problem which started in the 1950s when protection was given to the textile indusiry. As a result South Africa has landed up with the most expensive raw materials for clothing in the world and the Government will have to wrestle with the problem for a long time to come."

Did two jobs for the price of one, dismissed workers say

Argus 17/1/84 (184)

Labour Reporter

EIGHT workers who claim they were dismissed unfairly from a Wetton garment factory, allege they were doing two jobs for the price of one.

One of the dismissed women, Mrs Elizabeth Jacobs of Lotus River, said she and her colleagues had been employed as cleaners, but were also examining finished garments.

"We cleaned the products and did the final examination on them. But I was paid only R39 a week. Some of the others were paid R36 a week."

She said when they complained on January 5, they were dismissed.

The manager of the factory, a Mr Burn, said: "The matter is being handled by the Garment Workers' Union and the Industrial Council."

However, workers who spoke to The Argus at the factory said they were not members of the Garment Workers' Union.

Officials from the union were not available for comment.

Three unions argue over worker loyalty

ARGUS 18/1/84

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Labour Reporter

THREE Cape Town trade unions are arguing over the loyalty of workers at a Wetton canvas and garment factory

The argument follows workers downing tools for two hours yesterday

In what could be a significant demarcation dispute, the SA Canvas and Rope Workers' Union plans to contest a recent reclassifation of Three Spears (Ltd) under the clothing industry.

However, the recently formed and unregistered Clothing Workers' Union (Clowu) claims majority support at the factory

"One of the workers' demands when they stopped work was that Clowu should be recognised," said a Clowu spokesman

The Garment Workers' Union has said management will begin deducting subscriptions from workers' pay packets this week

Workers told reporters this week they had elected a committee to take grievances over alleged unfair dismissals to the manager of the factory

After the manager refused to meet the committee the workers stopped work between 8.45am and 11am, according to sources inside the factory

The GWU and the Canvas and Rope Workers' Union, both Tucsa affiliates, were called to the factory by the management in an bid to settle the dispute

The secretary of the Canvas Union, Mr Jack Heeger, said the workers were members of his union until recently, when the company had applied to the Industrial Council to be classified under the garment industry

"The workers would like to stay with us Our wage agreement is much better than the clothing industry agreement."

Workers at the factory said they were being paid less than R40 a week for cleaning and examining products Under the canvas industry agreement, the lowest-paid workers got R50.

Clothing bosses hope for rags to riches this year

AFTER going through the 'most disastrous year for decades' the clothing industry is now looking forward to an improvement in business conditions.

Simon Jocum, president of the National Clothing Federation, says the effects of the drought, unemployment and shrinking purchasing power generally last year lead to heavy cut-backs on production. 'Retailers cancelled orders on a wide front and returns increased Many articles had to be disposed of at losses', Jocum tells Cape Business News

Delayed buying made matters worse and there was plain chaos in the industry, according to Jocum Quite a number of smaller factories closed, bigger companies had losses and others showed substantially reduced profits

But there is now light at the end of the tunnel as the clothing 'pipeline' from manufacturer to user is completely empty Manufacturers (who employ more than 60 000 people in the Cape) can look forward to a revival, especialy for the summer of '84 season. This will be dampened though by still high interest rates and the recent increase in GST

Garments makers are already employing more skilled machinists in anticipation of increased demand from retailers — who had good Xmas sales — and the unemployment factor is expected to improve

A lot will also depend on the textile industry During past years mills were forced to cut back on production (15% of labour was retrenched last year) and they now have tremendous opportunities if they prepare soon enough, says Jocum

Imports — a bane to both the textile and clothing industries — have become prohibitive due to the fall in the value of the rand.

It is unlikely that Cape manufacturers, who are more aggressive on the export scene, will cast their eyes to overseas markets soon

'You have to build up sufficient business locally before you think about exports', explains Jocum.

The Steenkamp report has not removed uncertainty in the clothing industry and Jocum says, 'the immediate and in toto' implementation of the report will go a long way to sooth the industry

Mercury (1984) (184) (5)

day, February 3, 1984

Fosatu union wins textile factory ballot

Mercury Reporter

IN A ballot held at a Pinetown clothing factory yesterday, an overwhelming majority of the workers voted for the black-dominated National Union of Textile Workers to represent them instead of the Tucsa-affiliated Garment Workers' Industrial Union

The ballot to determine which union had the majority support at James North (Africa) (Pty) Ltd, followed a clash between the two unions for recognition at the plant, a subsidiary of the U K-based company, Siebe Gorman Group

A spokesman for the Pinetown factory, which manufactures protective clothing for the mining industry, yesterday confirmed the result of the ballot but declined to say whether the Fosatu-affiliated union would be recognised at the plant

A total of 219 workers voted in favour of the National Union while 43 voted for the Garment Workers' Union There were four spoilt papers and three abstentions

Mr Frankie Hansa, general secretary of the Garment Workers' Industrial Union, which represents 55 000 workers, said yesterday his union had objected to the ballot because it had a 'closed shop' agreement with the company

He pointed out that in terms of the agreement workers were bound to his union and could only terminate their membership once they resigned from the factory

Mr Hansa said his union had represented workers at the factory for many years and had not received any complaints against it

CAPE TIMES 4/2/84

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Clothing industry facing serious problems

By Audrey d'Angelo

THE clothing industry — a major employer in the Western Cape — is facing serious problems as a result of low productivity combined with higher wages, says Mr Hugh Brown, managing director of Integrated Productivity Systems (Pty).

His firm has invited chief executives of local clothing firms to a working breakfast at a city hotel this month at which he will explain how cost savings can be made and efficiency improved

He will suggest that this should be made "Productivity Year" for the clothing industry, in which an all-out effort will be made to improve the situation.

The main speaker at the breakfast will be Mr Christo Wiese, chairman of Pepkor.

World markets

He pointed out that there were companies in Cape Town which had shown they could compete in world markets

But figures released by the National Productivity Institute in its annual report for 1983 showed that productivity had fallen since 1966 while wages had increased in real terms by about 22 percent over the same period.

"The turnover in labour in the clothing industry in the Western Cape is something like 69 percent a year.

"This is a horrendous figure and we shall never have high productivity as long as we accept that situation Absenteeism is also high."

(184) RDM 8/2/84

Plea for clothing industry support

THE clothing industry, as the most labour intensive manufacturing industry, should receive special consideration in the promotion of industrial development

This is the contention of the National Clothing Federation of SA which claims the industry has the potential to create an additional 250 000 jobs by the end of the century.

The industry's recommended course of action for the creation of jobs was presented yesterday by the Federation's new president, Mr Mike Getz, at a Press conference in Johannesburg

"The secondary manufacturing sector which has the only real potential for adding jobs to our economy, has received none of the attention and handsome support given to the mining and primary sector, which will not be able to provide jobs at the rate required," said Mr Getz

Among the recommendations are

- Tax allowances for investment in machinery now being phased out should be reinstated for labour intensive industries
- Extension of some financial incentives similar to those enjoyed by manufacturers in decentralised areas to clothing manufacturers in the metropolitan areas
- The clothing industry should be exempted from any payroll tax or any other measures designed to inhibit industrial development in metropolitan areas — Sapa

FM 10/2/84

(184)

UNION MATTERS

Cutting the cloth

The National Union of Textile Workers (NUTW) has won the first round in its battle with the Garment Workers' Industrial Union (GWIU). The stakes are supremacy in the Natal clothing industry Industrial Court action which the NUTW now intends to launch could well signal new moves in the conflict

Clothing workers ... targets of two unions

A ballot to determine which union had majority support was held last Thursday among workers employed by protective clothing manufacturer James North Africa in New Germany. The NUTW got an overwhelming majority The union, which is affiliated to the Federation of SA Trade Unions (Fosatu), garnered 219 votes to the Tucsa-affiliated GWIU's 43 This was the culmination of rivalry between the two, which began last year

The GWIU, which is the sole union member of the Natal clothing industrial council, operates a closed shop in the areas falling under the council's jurisdiction According to NUTW general secretary John Copelyn, his union has in the past organised clothing workers falling outside this area Last year, however, the union signed up a number of clothing workers in the New Germany area, including the James North Africa workers, and applied for membership of the industrial council The application was rejected on the grounds that the union did not have enough representation in the industry.

The GWIU's response was to change its constitution late last year to enable it to expel any members who joined another union Because of the GWIU's closed shop, this meant that the jobs of workers within the industrial council jurisdiction who joined the NUTW were at risk The closed shop prevents employers from employing non-GWIU members — and if they do, they can be prosecuted by the industrial council under criminal law The GWIU's action was clearly designed to discourage workers from joining the NUTW, and employers from employing those who did

In the interim, attempts by the International Textile, Garment and Leather Workers' Federation to reach some kind of compromise between the rival unions proved futile Matters came to a head at James North Africa

Recognition

Commenting on the NUTW's victory Copelyn told the *FM:* "Our recognition agreement with James North Africa, which has already been signed, will now come into force We intend to break the GWIU's legal hold over workers. Initially we will appeal to the Industrial Court against the refusal of the industrial council to grant us exemptions for the (James North Africa) factory We will also resist any attempt by the GWIU to expel workers from the industry because they join us. We regard that as an unfair labour practice"

GWIU general secretary Frankie Hansa says "Any organisation expects its members to be loyal In view of that we decided to change our constitution."

A James North Africa spokesman indicates that the company will continue to employ the NUTW workers "We now know which unions our staff would like to have," he says Copelyn has indicated that his union will in future consider organising more clothing workers within the GWIU's area

...ARY 12, 1984 Sunday ... 12/2/84

Taiwan-backed industry will provide work for 2 000 Transkeians

Finance Reporter

THE biggest industry to establish itself in Transkei for the past five years will start operations in Butterworth in April.

Taiwan's clothing giant, Lien Fu, and the Transkei Development Corporation (TDC) are investing R7,8 million in the new manufacturer, Bally (Pty) Ltd, at Butterworth's Ibeka Industrial Estate.

Sonny Tarr, managing director of TDC, said this week that up to 2 000 Transkeians would be employed in the factory at a surprisingly low cost-per-job opportunity of about R4 500.

The major shareholder will be Robert Lee, who owns Lien Fu of Taipei and other companies.

Lien Fu is the biggest single clothing exporter to the US, achieving annual sales of $50 million.

The Transkein company will manufacture solely for the same market and is expected to achieve sales of $15 million a year when the factory reaches full production.

Mr Tarr said the R4 million factory would be constructed in stages, the first of which was nearing completion. He said the first contact with Mr Lee was made during one of the visits to Taiwan by Pieter Bosch, development manager for TDC.

Mr Tarr said "We are naturally very please with Bally's arrival in Transkei. We are expecting more of this size of investment this year. Certainly the new incentives make Transkei virtually irresistable to foreign investors.

"The incentives offered in Transkei are such that TDC was able to deal within the top 100 companies of Taiwan."

Bally will enjoy the services of American designers and a large marketing organisation in the US already serving Mr Lee's other companies which produce garments under designer labels.

(134)(135)(138) ARGUS 7/11/83

New clothing union chafes garment workers

By PIPPA GREEN
Labour Reporter

AN inter-union conflict in the clothing industry is likely following the publication of a pamphlet condemning the newly formed Clothing Workers' Union (Clowu), issued by the Western Province Garment Workers' Union

The pamphlet, distributed to thousands of clothing workers at factories, calls on workers not to be "bluffed" into joining the new union

A Clowu spokesman, Miss Ruth van der Vindt, said the union was "not at all surprised" at attempts "to discredit our effort"

The Garment Workers' Union, affiliated to the Trade Union Council of South Africa (Tucsa), has had a closed-shop agreement with clothing manufacturers in the Western Cape since 1936

Critics have described it as a "benefit society" which has not fought sufficiently for increased wages or better working conditions for its members, who are compelled to belong to the union as a condition of employment

Garment workers are still among the lowest-paid workers in Cape Town industry, with a qualified machinist earning R51,50 a week after three years' experience

However, the general secretary of the Garment Workers' Union, Mr L Petersen, has said the union is "proud" to be described as a benefit society

The pamphlet issued by the union — in existence since 1926 — denies the new union exists "except on paper" It is described as an "organisation of nameless, faceless people"

"As garment workers you have more benefits than any other union can offer, including social workers and a free legal advice service," the pamphlet says

Miss van der Vindt said the pamphlet was not the first attempt to discredit her union's effort

Last week shop stewards were told at a meeting that the union did not exist — a claim which they reported back to Clowu after the Garment Workers' Union meeting, she said

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Mr M J Reynders, presiding magistrate, prevented Mr Kuny from proceeding with aspects of the cross-examination after objections by Mr R Dunn, for Mr Swanepoel, and Mr P Strydom, for Iscor, that they were irrelevant

Mr W Roos, acting shift boss, said he had been on duty with Mr Bezuidenhout on the night of September 5 but had been unable to detect gas He, too, believed Mr Bezuidenhout's report was false

The inquest is proceeding

-- Rosenberg, Lee Weiner, Tracey van den Hen-
School, Kensington, Johannesburg

Blow for 'closed shop' as union is recognised

184

RAM 16/2/84

By STEVEN FRIEDMAN
Labour Correspondent

THE "closed shop" in the Natal garment industry has suffered a major blow with the decision of a multinational company, James North Africa, to recognise the Federation of SA Trade Unions' (Fosatu) National Union of Textile Workers — despite the fact that the company's workers are forced to belong to a rival union

A company statement says it took this decision after holding a secret ballot in which 81,4% of its workers opted to be represented by NUTW and only 16% by the Garment Workers' Industrial Union (Natal) — affiliated to the Trade Union Council of SA (Tucsa)

The "closed shop" has thus far enabled the Tucsa union to maintain a monopoly over worker membership by compelling all workers to belong to it

Recently it changed its constitution so workers who joined other unions — even if they remained members of the Tucsa union — could be expelled and lose their jobs

The ballot followed an attempt by the company to win exemption from the "closed shop" to allow workers to resign from the Tucsa union, which was refused by the industry's industrial council, on which the Tucsa union sits

An exemption was also sought allowing the company to deduct stop orders on behalf of NUTW members, which the council does not allow, but this was also refused

A further application — by the NUTW to join the council — was also refused because it was not sufficiently representative

James North's agreement is the first step in an NUTW strategy to challenge the Tucsa union's hold over the industry by recruiting factory-by-factory and then demanding recognition

The NUTW's general secretary, Mr John Copelyn, said yesterday the union now planned to organise in bigger factories and then grow to a size where it could demand a seat on the council and thus end the Tucsa union's closed shop

It is also planning industrial court action to challenge the refusal of exemptions from the closed shop and from the ban on stop orders

A James North adviser, Mr Geoff Heald of Stellenbosch University's Graduate Business School, says the union's strategy "represents one of the most serious challenges to the closed shop principle in South Africa today"

The company statement adds that the agreement raised the question of whether the closed shop in the Natal clothing industry was not "doomed to irrelevance"

In explaining the company's action, James North said it had been subject to pressure from both unions and decided to show its neutrality by organising a secret ballot in which both sides had taken part

The result implied that the company had an obligation to recognise the NUTW

The company also claimed it had faced threats of legal action from both sides, although Mr Copelyn said yesterday the only legal action his union had threatened against James North had concerned retrenchments

The Tucsa union is believed to be considering legal action

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'Jealous wife set husband on fire'

DURBAN — A 49-year-old woman wept in the Durban Magistrate's Court yesterday as she told how she threw methylated spirits on her husband and set him alight after finding him kissing his sister-in-law

Mrs Iris Kruger pleaded not guilty to a charge of assaulting Mr Carel Paul Kruger with intent to do him grievous bodily harm

Mr Kruger told the court that he and his wife were with his brother and sister-in-

Minimum pay offer sparks new strike

RAM 16/2/84

Labour Correspondent

IN A sequel to the first-ever national legal strike by 8 000 AECI workers last month, workers at a Pinetown vinyl plant owned by the company struck for 24 hours on Tuesday in protest at a company wage offer, a Chemical Workers' Industrial Union spokesman said yesterday

The legal strike was prompted by the rejection by workers of an AECI offer bringing minimum pay to R363 a month, and the AECI Vinyl workers struck in protest at a similar, but slightly higher offer, he added

for comment yesterday

According to the union spokesman, AECI Vinyl last year agreed to negotiate wages with the CWIU after it had recruited a majority of workers at the plant

However, when negotiations began, it had maintained that its wages were set in accordance with the industrial council agreement for the explosives industry, to which AECI is the sole employer party

This meant, he said, the company was insisting the union accept the wages negotiated at the council and was

Business Day/INDUSTRY

RDM 21/2/84 184

Ciskei seams ahead

By MIKE JENSEN

CISKEI is bidding to become a centre for textile and clothing manufacture

Investment in textile and clothing factories is expected to reach R130m and employ 13 000 people by the middle of this year say Ciskei officials

South African textile and clothing production is at a post-war low with manufacturers under pressure from cheap imports since Pretoria's relaxation of import control

Relocating in decentralised areas to take advantage of financial incentives is seen as one way of maintaining profitability

An added attraction is that Ciskei is close to the wool-producing centres of the Cape

The biggest South African companies already active in the region are Da Gama Textiles and the Berden Group — a subsidiary of Protea Holdings

Thrustor Manufacturing Products recently established two factories worth over R3m to make protective clothing and uniforms

Consolidated Textiles — part of the Frame Group — will have what it claims to be the largest blanket factory in the world in operation by June

"While we have no immediate plans to set up any other factories in the area, Ciskei has good potential for this type of industry and we are keeping an open mind on the matter," says a spokesman for the Frame Group

On the international front, an Italian company, said to be the biggest private textile concern in Europe, is to establish a multi-million-rand worsted acrylic spinning mill in the region by mid-year

Agreement has also recently been reached to set up Israel's first factory — Ciskatex — to make quality underwear for the South African market

The establishment of these concerns is expected to lead to an integrated textile and clothing industry

"One can already see several related manufacturing units starting to produce a whole variety of finished garments using textiles produced in the region" says a spokesman for the Berden Group

The managing director of Da Gama Textiles Mr Harry Pearce says linked industries are already developing as more companies make use of the 95% kickback on wages to start the labour-intensive operations needed in the manufacture of clothing

"Our Home Fashions company is an example of this trend towards the development of more labour-intensive, rather than capital-intensive, manufacture," says Mr Pearce

CAPE TOWN: TEL 23-2133

TEJ buys Mondi Knitwear in R600 000 deal

Cape Times 21/12/84

184

By PAUL DOLD, Financial Editor

TOWLES, EDGAR JACOBS the Cape Town knitwear manufacturer which last paid a dividend in 1974 has vastly enhanced its prospects for returning to the growth league with the take-over of Mondi — one of the country's premier knitwear manufacturers.

The R600 000 deal gives TEJ a significant share of the country's top-end fashion market presumably with higher profit margins which will ideally complement TEJ's own middle segment range

Cape Town's Mondi Knitwear is one of South Africa leading producers of fashion co-ordinates and the factory has grown from two machines in January 1970 to a plant employing 200 Mondi, a specialist producer has strong links with a major German-based manufacturer Mondi Textile

The German company was formed in 1967 by Mr Herwig Zahm and has rapidly grown into a major clothing exporter selling to Canada, United States, Britain, France, Benelux and Scandinavia Annual sales are more than R150m a year

TEJ's announcement yesterday says the group will have the right to manufacture and market in South Africa the ranges of Mondi International, London, Paris and New York.

Mr Zahm has strong ties with South Africa and in the early 60's established Vienna Knitwear which became a sector leader and was sold in 1965 to IL Back.

Cape Town's Mondi Knitwear was formed by Mr Carl von Thelemann after the granting of the Mondi franchise by the German company.

Mondi Knitwear supplies fashion and departmental stores but does not serve the major chains The company has an excellent profit record producing steadily increasing earnings even during recessions Profits are currently at record levels.

The purchase price will partly hinge on Mondi's results for the year ending April but is expected to be in the region of R600 000. Full details of the impact on Tej's earnings will be announced soon

TEJ has for some time been looking for a suitable acquisition which would expand its base While producing excellent quality garments TEJ has lacked the high profile marketing of competitors and marketing holds the key to group prospects

The group last paid a dividend of 9,5c in 1974.

Mr Mike McNair has joined the Flesch group as assistant sales manager, advertising, for SA Yachting and the Stock Exchange Handbook interest in the stock

FDY 21/4/84 (184)

TEJ buys Mondi Knitwear

Financial Reporter

CAPE TOWN — Towles, Edgar Jacobs, the Cape Town knitwear manufacturer which last pa[illegible] dividend in 1974, has taken over of [illegible] of the country's premier knitwear manufacturers

The deal of approximately R600 000 for Mondi Knitwear, also of Cape Town, gives TEJ a significant share of the country's top-end fashion market

Mondi is a leading producer of knitwear fashion co-ordinates and the factory has grown from two machines in 1970 to a plant employing 200 It has strong links with a West German manufacturer, Mondi Textile, which was formed in 1967 by Mr Herwig Zahm and has rapidly grown into a major clothing exporter

TEJ's announced yesterday the group would have the right to make and market in SA the ranges of Mondi International, London, Paris and New York

Mr Zahm has strong ties with SA and in the early 60s established Vienna Knitwear which became a sector leader It was sold in 1965 to I L Back

Mondi Knitwear was formed by Mr Carl von Thelemann after the granting of the Mondi franchise by the German company

Mondi Knitwear supplies fashion and department stores but not major chains The company has an excellent profit record producing steadily-increasing earnings even during recessions Profits are now at record levels

The purchase price will hinge partly on Mondi's results for the year ending April

TEJ has been looking for a suitable acquisition to expand its base

Business Day/INDUSTRY

(184) RDM 24/2/84

Kleu gloomy on aid for textiles sector

By PRISCILLA WHYTE

THE clothing and textile industries had not created as many jobs as was hoped, according to Dr S J (Basie) Kleu, chairman of the Board of Trade and Industries.

He added that they would also have to export more

Dr Kleu told a recent meeting of the Textile and Clothing Advisory Council in Johannesburg "The Government's resolve to help develop the industries has been forgotten"

The main thrust of the recommendations of the Steenkamp Committee on the textile and clothing industries was that "quantitative import control should be replaced with a tariff dispensation so that the industries will not be disrupted unjustifiably".

The Department of Trade and Industries will consider representations on the recommendations submitted before July

Mr Stanley Shlagman, executive director of the Textile Federation said "It is a moot point whether a tariff structure can be finely tuned against dumped imports"

He noted that most countries had quotas to protect textile industries but South Africa was following a different route with the phasing out of quantitative import control

The usual workforce of 130 000 in the textile industry was down by 20 000 because of lay-offs and short-time working was widespread

Dr Kleu said the board had been criticised for delays in making protection applications but he put a lot of the blame on companies which submitted inadequate information to Pretoria

"The board's staff had to scratch together whatever they could find"

No application would now be published in the Government Gazette unless the board was satisfied it had at least the minimum information necessary.

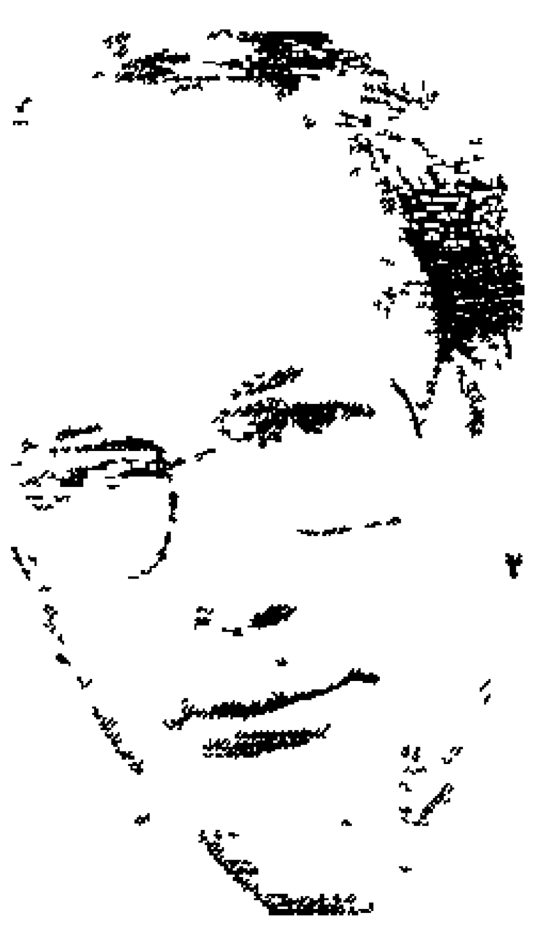
"We cannot countenance the devil-may-care attitude of some applicants who think that it is the board's duty alone to prove their case."

Dr Kleu said that, even with a limited staff, "the board succeeded in reducing oustanding tariff applications from 208 to 172 last year A total of 300 applications were finalised and 122 withdrawn."

He added that the new procedure suggested by the Steenkamp Committee, for the production of interim duties in urgent cases, was already being applied

The most advanced of several Textile Federation applications related to woven materials, covering 86 tariff sub-items, and one for the withdrawal of rebates, mainly on woven materials. There were also applications for increased duties on knitted materials and curtaining.

Dr Kleu said these labour-intensive industries could solve the important economic problem of creating employment. Industrialists should not be obsessed with the advantages of scale and think that small- and medium-sized enterprises could not hold their own



Jaap Swanepoel [cut off]s been appointed [cut off]aging director of [cut off]aison (Pty) Ltd, a [cut off]ly formed publica[cut off]s consultancy in [cut off] Rightford, Searle-[cut off]ipp, Makin group

Exports push Rex sales up 11% but profits fall

Cape Times 1/3/84

184

By PAUL DOLD, Financial Editor

THE recession has badly mauled the men's clothing market judging by yesterday's results from Rex Trueform. Rex reports a 14 percent earnings per share decline although sales were up 11 percent. While no recovery is likely in the second half the dividend will be maintained.

Booming exports helped to offset the decline in the local market and Rex's long-term export drive paid off handsomely with no tax being incurred in the six months (R1 388 000 was paid last year) due to export incentives and other allowances

Pre-tax profits were down at R3 642 000 as against R5 604 000 and taxed earnings were R3 642 000 (R4 216 000)

A near doubling of the lifo adjustment to R861 000 brought bottom line earnings to R2 781 000 (R3 959 000) Fifo earnings per share were 123,1c (142,6c)

Margins were under pressure in the first half amidst fierce competition among clothing retailers coupled with inflationary pressures

In addition Rex's strategy during the recession has been to build market share thus it is not surprising that return on sales should be down

The chairman, Mr Stewart Shub, says as foreshadowed in his last statement, trading conditions were difficult and are likely to continue for at least the balance of the current year

For the full 12 months the group is thus not expected to match previous profits but the dividend will be maintained provided there is no further deterioration in the domestic economy

Rex should have little problem in maintaining the dividend with cover last year close to five times

Benefits

The latest results mask considerable benefits which will accrue in the next upswing

With the local economy in recession Rex's domestic tax base has not been large enough to offset the full extent of the export allowances earned These allowances which are described as "substantial" are to be used next year and thus tax should remain minimal

Retailers appear to have been running down inventories and are understandably cautious but with stocks low Rex believed the supply pipeline has been dramatically shortened for the next upswing

The recession, while described as "tough", is by no means the worst in the group's history The difference being the high level of political confidence which was lacking in the previous downswing

Tax rate

Holding company African & Overseas had pre-lifo earnings per share of 84c (95,5c) Pre-tax profits were R4 012 000 (R5 911 000) The group again had a substantially lower tax rate with tax totalling only R189 000 (R1 537 000)

Attributable profits were R2 455 000 (R2 267 000) Like Rex tax for the full 12 months is expected to be significantly reduced

There was one extraordinary item in the six months — the sale of an industrial site in Parow for R797 000

NBS laun[cut off] investmen[cut off]

JOHANNESBURG — Th[cut off] has launched a new in[cut off] offers weekly interest ca[cut off]

The money market acco[cut off] launched today, is open [cut off]mum deposit of R25 000 T[cut off] the investment may be w[cut off]

According to an NBS sp[cut off] to be the first time that a[cut off] weekly capitalization of [cut off]

The interest rate, set v[cut off] the average rate earned [cut off] the NBS

Based on the initial co[cut off] interest capitalization, th[cut off]tive return is 18 percent, [cut off] return being offered for a[cut off]

Liberty Life Association of Africa Limited

("Liberty Life")

(Incorporated in the Republic of South Africa)

Rights offer of 3 043 266 new ordinary shares of R1 each at a price of R50 per share

Further to the announcements made on 3 February 1984 and 15 February 1984, Guardian Liberty Investment Corporation Limited and Standard Merchant Bank Limited are authorised to announce that the Committee of The Johannesburg Stock Exchange ("JSE") has granted a listing for the renounceable (nil paid) letters of allocation and subsequently the new ordinary shares and that the Council, The Stock Exchange, London ("LSE") has granted a listing of the new ordinary shares (nil paid) and subsequently the new ordinary shares (fully paid) to be issued by Liberty Life in terms of its rights offer of new ordinary shares to raise R152,2 million the BTI actually did anything Getz says: "SA is leaving itself wide open to this kind of attack by not going for quantitative import controls" FM 2/3/84 (84)

Labour-intensive Saniva, employing about 3 000 people at its largest factory in India, is offering 25 000 dozen men's short-sleeve shirts for R151 593,75 (about R6/dozen), 10 000 dozen men's polyester trousers for R121 887,50 (R12,20); 5 000 dozen children's blue denim jeans for R59 718,75 (R12), 10 000 dozen men's long-sleeve dress shirts for R183 137,50 (R18,30), and 150 000 yards assorted polyester cotton shirtings for R126 797,50 (about 85c/yard) Labels are optional

BTI chairman Basie Kleu recently told the Textile and Clothing Advisory Council (TCAC) that the board's hand was being strengthened by new personnel Bottlenecks in its procedures for dealing with dumping were being removed, and through the Department of Industries and Commerce it had asked for an investigation into the creation of posts and the appointment of staff to the section responsible for tariff reviews.

☐ At wholesale level the SA clothing market is worth about R1,4 billion. In 1982 consumers spent R3,1 billion. The difference of R1,7 billion is accounted for by imports of R1,5m in 1982 and the rest by stock and retail profit margins In 1981 the sector's exports increased by 9% to R393m, in 1982 by 5% to R414m, and in 1983 by no less than 25% to R518m

Services

BENONI FIRST CHURCH, 94 Woburn Avenue
BOKSBURG FIRST CHURCH, 125 Commissioner Street
GERMISTON FIRST CHURCH, 2A Human Street
KRUGERSDORP FIRST CHURCH, 66 Human Street
RANDBURG FIRST CHURCH, Vine Street Ext Harley Street
ROODEPOORT FIRST CHURCH, 25 Church Street Florida
SANDTON FIRST CHURCH, Rivonia Hall
PRETORIA FIRST CHURCH, 395 Du Toit Street
PRETORIA SECOND CHURCH, 1149 South Street Hatfield

For church service announcements and all religious meetings see page 2 of the R.D.M every Saturday.

FOR MORE DETAILS KINDLY CONTACT at 710-2710

LABOUR NEWS

RDM 3/3/84

Rosebank strike settled

By PHILLIP VAN NIEKERK

A STRIKE by the entire black workforce of Thrupp's in Rosebank was settled yesterday after talks between the management and worker representatives

The staff went on strike on Wednesday, demanding a R20 a week wage increase and calling on management to settle a list of grievances

After negotiations with representatives of the Commercial, Catering and Allied Workers' Union (Ccawusa), the company agreed to pay an increase of R10 a week, shifting from its offer of R7,50 a week

In addition, it was agreed that Ccawusa would be recognised, no worker would be victimised for going on strike and workers would be paid for the time they were out on strike

The company also agreed to look into a set of grievances involving working conditions

Mr R Keene, the managing director of Thrupp's, said, "The so-called strike has been settled to our satisfaction and to the satisfaction of the workers We are happy that the workers have returned"

A union spokesman said they were pleased with the outcome of the dispute, especially since small companies often tended to act negatively towards unions

RAM 3/3/84

Cripples' cash missing

Mail Reporter

A REHABILITATION officer at the Anglo American Corporation's Ernest Oppenheimer Hospital in Welkom has left the hospital following allegations that he was embezzling the money of crippled mineworkers

The man worked at the Ithuseng Rehabilitation Centre, attached to the hospital, which houses between 70 and 90 paraplegics who have been crippled in mining accidents

It is alleged that, as crippled workers were unable to go to a bank themselves, they entrusted their banking to hospital officials

An organiser for the National Union of Mineworkers in the Welkom area said the paraplegics had raised the issue of money going missing with the hospital authorities after an R852 cheque belonging to a patient was found to be missing

A spokesman for Anglo American said the rehabilitation officer had "left our employ following an investigation into allegations of embezzlement"

The spokesman said the matter had been referred to the Welkom police and that all the missing money had been reecovered This included a cheque of R850 and cash of R177,44

RDM 3/3/84

Unrest, strikes continue

PINETOWN — Strikes and labour unrest continued to disrupt production at two large Pinetown factories yesterday

At Smith and Nephew, most of the 600-strong labour force downed tools on Tuesday over a pay dispute

A company spokesman said the workers went to the factory each morning and assembled in an orderly fashion on the recreation field inside the factory premises

At Ninian and Lester, 120 of the 1 000 workers in the circular knitting and warping department stopped work because of objections to the shift system

They were fired for refusing to return to their jobs and were told to collect their pay later yesterday

A group of about 40 allegedly attempted to intimidate staff still working at the factory yesterday morning — Sapa

SOUTH AFRICA and Mozambique stood on the verge of peace last night after agreement was reached at historic talks in Cape Town on the main details of a non-aggression treaty.

The scene now seems set for a meeting between the Prime Minister, Mr P W Botha, and President Samora Machel of Mozambique to sign the accord

There was strong speculation in some circles last night that the signing will take place either in Swaziland or Botswana with the latter being the more favoured.

At a Press conference after the talks yesterday the Minister of Foreign Affairs, Mr Pik Botha, said in a statement issued jointly with the Mozambicans "The final text of the agreement will be ready for signature in the very near future The date and venue for the signing will be announced as soon as possible"

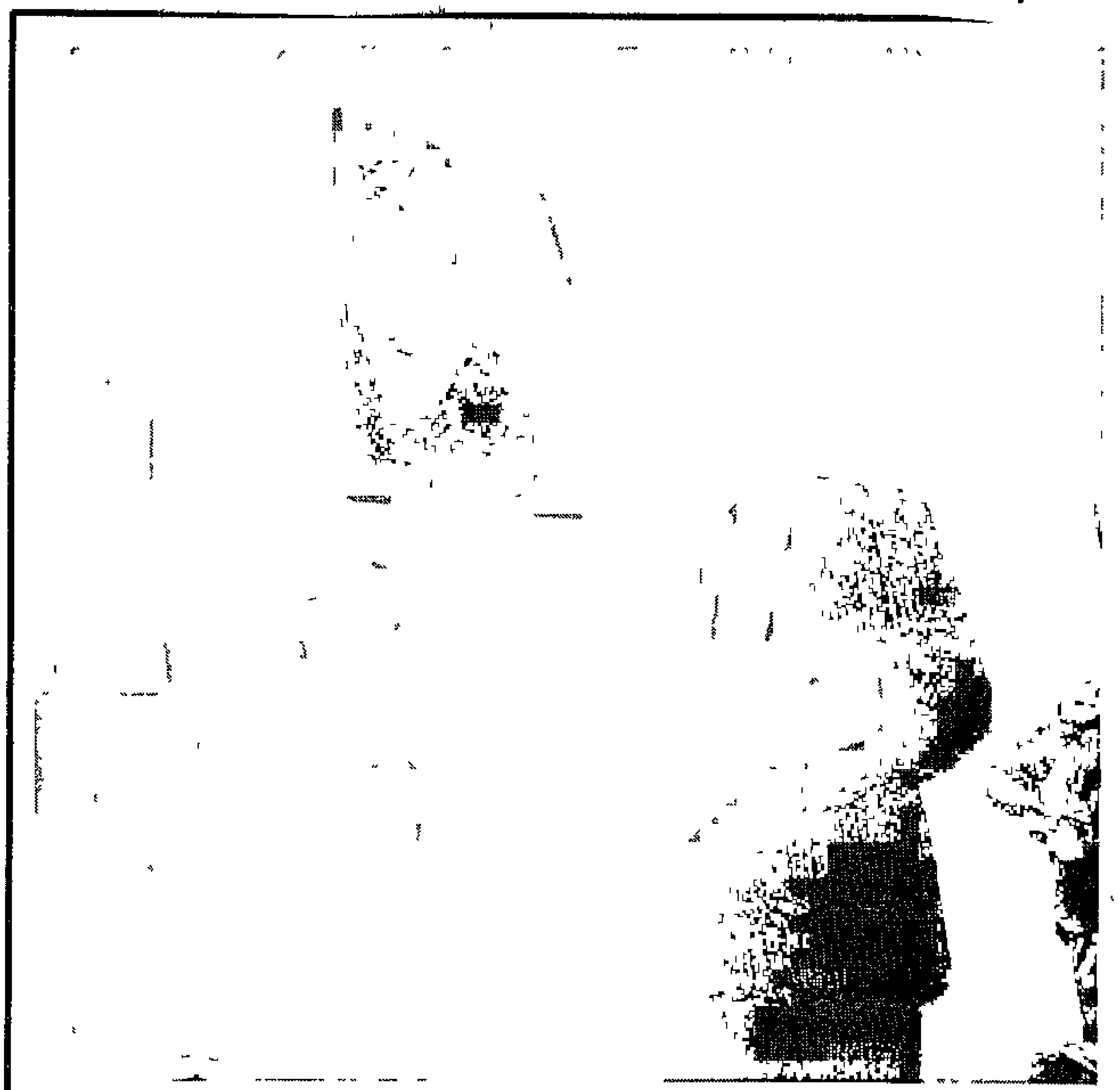
The statement said the thrust of the agreement was that it would ensure that neither country would serve as the base for acts of aggression or violence against the other and that both countries would undertake not to use the territory of a third state for that purpose

The agreement will provide for a joint commission to supervise the pact

The four senior members of the Mozambican delegation, which was headed by the Minister for Economic Affairs in the Presidency, General Jacinto Veloso, and the three Cabinet Ministers in the South African team — Mr Pik Botha, the Minister of Law and Order, Mr Louis le Grange, and the Minister of Defence, General Magnus Malan — met Mr P W Botha for an hour during the afternoon.

During the meeting the teams "reviewed progress made in the security negotiations and other matters relating to bilateral relations between the two countries"

Only semi-conscious, Jenna Mostert is comforted by her mother, Mrs Caroline Mo



Vahed ... klein is better

SADEK VAHED

On the up-beat

184

Sadek Vahed, chairman and MD of Kingsgate Clothing (KC), is something of an unknown quantity in the very visible world of fashion

Shy and retiring, he has made a point of avoiding the public gaze. But now that KC has entered the big league, Vahed obviously feels that the time has come to shed the enigma and act more assertively

Last year the group scooped the number one prize in the clothing industry by signing the coveted Calvin Klein franchise The move outraged his competitors, some of whom felt he should never have been granted it. Vahed claims to have felt the heat ever since "The clothing industry is a tough game, but I've never seen the kind of jealousies we're seeing now"

Still, Vahed's not the sort to let a few ruffled feathers bother him. Quiet he may be, but servile he's not

Besides, he clearly believes that KC is easily up to its new assignment The group has done its planning through the recession and is now well-placed to meet the challenges of the future. "While the others were sitting around thinking about it, we were setting the machinery in motion," he says.

Though he only took over as chief executive a few years ago, Vahed has been the driving force in the organisation for some time In the past 18 months he moved with alacrity to purchase the Star Shirt company with its popular Smith & Wesson label, tied up the Calvin Klein franchise, and opened three additional clothing factories at Isithebe in KwaZulu These are aimed principally at the export market.

Largely through his efforts, the business has grown from a tiny family concern to the largest privately-owned clothing company in SA In two years, turnover has virtually doubled to a projected R50m a year Vahed's now talking seriously of floating off a portion of the company in the next five years

To some extent, Vahed claims, he can understand his competitors' chagrin Traditionally, KC has stuck to the budget end of the market Now, through acquisition, it is moving into the middle and top end of the trade "They resent me tresspassing on their territory I'm opposition to them now," is his comment

Never one to miss out on the action, he conducted much of the recent franchise negotiations personally The deal involved five trips to New York and heavy briefings by his legal team "I'm one of the few chairmen that actually rolls up his sleeves and gets involved," he observes.

Vahed likes to be involved in every facet of the business. Each year, for example, he flies to the Far East to tie up the entire fabric commitments for the group. Despite this, he delegates well and values the advice of his professional consultants The various group divisions, for example, have decentralised managements all reporting to the main board

Though the recent bold acquisitive moves appear to indicate otherwise, Vahed professes to be a cautious businessman. He notes that the expansion would probably not have been contemplated were it not for the strong foundation of the group's "volume business" with the major retailers. "One of our biggest assets is our close association with the major groups," he says

Over the years Vahed has painstakingly nurtured that relationship Some of the top directors among his principal buyers and suppliers were contemporaries of his when he was a salesman for KC — doing the beat with a suitcase full of samples Today they're still on first name terms.

Vahed reckons he was always a bit of a slouch at school. He quit early and cut his teeth in the family retail business. He was given his first big break by his father-in-law, the late A M Moolla, founder of the KC group. At the time he was moving out of textiles and into the clothing business. Vahed was put in charge of the new enterprise — and he's never looked back

10/3/84 (184) E. Post

Taiwan clothing giant opens in T'kei

THE biggest industry to establish itself in Transkei in the past five years will start operations in Butterworth next month

Taiwan's clothing giant, Lien Fu, and the Transkei Development Corporation (TDC) are investing R7,8-million to establish the new manufacturer, Bally (Pty) Ltd, at Butterworth's Ibeka Industrial Estate

Announcing what must rank as a major negotiation coup, Mr G P "Sonny" Tarr, managing director of TDC, said that up to 2 000 Transkeians would be employed in the factory at a surprisingly low cost-per-job-opportunity of about R4 500

The major shareholder will be Mr Robert Lee, who owns Lien Fu of Taipei and other companies Lien Fu is the biggest single clothing exporter to the US, achieving annual sales of $50 million (R62,5 million).

The Transkeian company will manufacture solely for the US market and will achieve sales of $15 million (R18,7 million) a year when the factory reaches full production

Mr Tarr said the R4 million factory would be constructed in stages, the first of which is nearing completion

He said the first contact with Mr Lee was made during one of the corporation's visits to Taiwan by Mr Pieter Bosch, development manager for TDC

"We are naturally very pleased with Bally's arrival in Transkei," said Mr Tarr

"We are expecting more of this size of investment this year as the new incentives make Transkei virtually irresistible to foreign investors

"The incentives offered in Transkei are such that TDC was able to deal within the top 100 companies of Taiwan"

Bally will enjoy the services of American designers and a large marketing organisation in the US already serving Mr Lee's other companies which produce garments under designer labels such as Christian Dior, Pierre Cardin, Hasty Fay, Sergio Valentea and London Fog

184 ~~103~~ D. Dispatch

Dimbaza plant to expand

20/3/84

EAST LONDON — A clothing factory at Dimbaza, China Garments, has embarked on an expansion programme, only six months after going into production

The expansion entails an additional 850 square metres of factory space and a 100 per cent increase in its production line

The factory manager, Mr James Nsu, said yesterday that the expansion scheme had been approved by the Ciskei People's Development Bank

"Our growth here has been nothing short of spectacular We started production towards the end of last year with 150 employees Now we have increased to 520 employees, all Ciskeians, and we expect this figure to rise above 800 when the expanded operation goes into full production," said Mr Nsu

The garment factory manufactures high quality jeans which are mainly exported

The Ciskeian workers at the factory are mostly women They go through a stringent two-week training course, before assuming permanent duty on the production line

"The Ciskei People's Development Bank has done a great deal to assist us It took them five months to erect the factory building after our original application for establishment had been approved," Mr Nsu said

Cape clothing industry faces crunch months

184

Cape Times 7/4/84

By ALEX PETERSEN
Deputy Financial Editor

THE coming months will be crucial ones for many firms in the the Western Cape clothing industry, according to the chairman of the Western Cape Clothing Manufacturers' Association, Mr Simon Jocum

Although the level of employment in the industry has risen back up to higher levels and is on the increase, Mr Jocum says that cash-flow problems could see smaller firms go under in the present demand situation

The industry is in a lean position because of a tough year in 1983, and what Mr Jocum describes as a "disastrous" set of orders for the coming winter

"We have reached rock bottom," he says

Industry sources see a number of factors contributing to poor demand

These are

- High interest rates, which have made retailers reluctant to carry stock.

The chairman of the Western Cape Clothing Manufacturers Association, Mr Simon Jocum.

- Poor demand outlook, with most economists seeing less disposable income among consumers.
- The effects of the drought still suppressing the levels of economic activity in the northern areas of the country.
- The continuing recession in the rest of the world, which is depressing South Africa's export industries

Cape better off

The industry in the Cape, says Mr Jocum, has probably survived the downturn better than in other parts of the country

"We are known for our branded goods at the top end of the market, which always experience stronger demand".

This is in spite of the fact that with the Reef as a major market, Cape manufacturers are disadvantaged by higher transport costs, particularly if they are supplied by textile mills in Natal and the north

While the late start to winter is also seen as a factor in the poor winter order demand, there are some hopes that this may at least translate into a more buoyant order book for next summer.

Labour

"Demand for labour is on the increase," says Mr Jocum

Figures for March show that the Cape industry employment figure has risen to 59 801 up from 57 866 in December, while the number of factories has increased from 403 to 407

The figures need to be seen against those of last year

Although in March 1983 the industry employed just short of 60 000, by June this had slumped back to 57 213

Clearly a factor will be demand trends in the coming months.

A further problem, says Mr Jocum, who heads the industry's training board, is that not enough training was done in the past year, partly because of the lean times

There is now a tremendous demand for training, he says In addition to the 700 people taking courses at the CITB's Salt River headquarters, there is a tremendous amount of in-factory training by CITB instructors

Textiles

Employment is also improving in the related textile industry after a devastating 18 months which saw the loss of 3 000 jobs

Mr Ernest Wilson managing director of Hextex, says the industry in running at 75% of capacity as opposed to 60% at its low point last year

"We are better placed than this time last year"

He says that most factories are working at five to five-and-a-half day week, but to earn a real return on investment, they should be running a full seven-day week

Mr Wilson feels that the jobs lost are unlikely to be regained in full, unless exceptional demand occurs

"The industry has moved to new methods There is a greater move to automation

"I see this as a greater threat to jobs, but inevitably in the face of international competition, we need to be more productive

On the question of lead times, which have come under criticism from some retailers, Mr Wilson said these had been reduced because of the slow demand at present

"In some cases these have been cut back to as little as ten weeks We can do miracles at present"

Sats buys British

184

8/4/84

By Angus Macmillan

SOUTH African manufacturers are smarting over the loss of a major slice of a government tender for tarpaulins for the railways (Sats) to British suppliers

A South African supplier has used imported material to whittle away the share of Lebowa-based manufacturers who may now have to lay off workers.

Of the tender for 12 500 tarpaulins for the SAR, a Liverpool company was awarded 3 500, and a Glasgow firm and a Port Elizabeth importer 1 500 each Another tender for 160 000m of material went to British suppliers

Prices quoted by SA and foreign suppliers differed substantially. Whereas the Liverpool firm and the Scottish supplier quoted R290,98 and R341,44 respectively for a completed tarpaulin, SA quotes varied from R578,78 to R587,21.

A source in the industry says UK suppliers are dumping tarpaulins, made from German materials There is nothing wrong with the quality as the tarpaulins have to be approved by the SA Bureau of Standards

National Tents & Sales and AECI's Sterkolite Plastics — both with factories in Lebowa — were each awarded orders for 2 500 tarpaulins Another manufacturer won an order for 1 000.

Industex of Port Elizabeth, which used imported material, came in with a price of R403,70 to win its 1 500 order The Lebowa factories using SA materials could not come near this quote and were even further off the British quotes

Mr David Gad has been appointed general manager of Kohler Corrugated, Western Cape

Incentives needed to aid labour intensive exports

Cape Times 12/4/84 184

By ALEX PETERSEN
Deputy Financial Editor

SOUTH AFRICA needed to invest in market research and and provide strategic market support for its labour intensive industries, the president of the National Clothing Federation, Mr Mike Getz, said last night.

Speaking to a press conference in Cape Town, Mr Getz said that if labour intensive industries were to effectively pursue the path of exports suggested by the Kleu and Steenkamp Commissions, then a far greater level of support from the government sector was necessary

He added that greater attention needed to be given to the realities of foreign trade, in particular on the question of protectionism

Export support had been given in the past to the precious metals, wine and fruit industries, Mr Getz said

"On a more modest scale a similar effort and commitment is necessary for our industry".

Planners

"Our central planners are continuing to budget and plan in the traditional way, that is by placing most of their hopes and money where they always have, on mining, agriculture and primary industry"

These industries were now mature, and were no longer adding jobs to the economy in as cost effective a manner as could be provided by labour intensive industries

Mr Getz said that the Prime Minister's recent statement at Iscor on the important role of exports from secondary industry was "highly significant".

"This indicates a strategic shift from total dependence on South Africa's traditional exports"

Challenge

While the clothing industry was willing to take up the challlenge of exports, it needed the support in terms of export and other incentives similar to those granted to the industries in the Far Eastern industries, against which South African industries were being asked to compete

Significant exports would help close the employment gap, now growing at an escalating rate, now exceeding 300 000 a year

Training incentives were a particular case in point The clothing industry, he said, had been a leader in South Africa in its commitment and attitudes to training

"In the current recession there may be little taxable profit against which concessions can be offset," he said

While it was not surprising that tax incentives had come under critical appraisal, he suggested that training in the clothing industry had not been abused since the bulk of training was under the auspices of the Clothing Industry Training Board

"The momentum of the training effort may be jeopardized by the reduction in the incentives at a time when the industry is hit by recession"

Grant system

He suggested that the mooted switch to a cash grant system be speeded up to aid labour intensive industries

Asked whether there was not an irony in a free market export policy when South Africa had recently acceded to a demand to reduce its steel exports to the United States, Mr Getz said the reality of international trade lay not so much in a real free trade policy, but in bartering

"In negotiations on foreign trade, the interests of the employment providing industries should be given a place," he said

Dispute stops work at factory

ARGUS 12/4/84

RU

Labour Reporter

PRODUCTION at a wool-packaging plant stopped today when most of the workers left after a dispute on short time.

Workers at the Boeremakelaars Koöp BPK (BKB) in Epping said they had been working short time for about five months

"We don't work on Wednesday afternoons But the management has sometimes brought casuals in Yesterday afternoon they asked about 50 workers to stay on," said a spokesman for a workers' committee

"Dismissed"

"The workers said they were not prepared to do so until management took all the workers back on full time The 50 workers were dismissed this morning

"All the workers sat down and asked to speak to the general manager He refused to speak to us and we were given half an hour to start work or leave"

The workers, who belong to the Fosatu-affiliated National Union of Textile Workers (NUTW), have denied they are on strike

Not locked out

The regional general manager, Mr H J Scholtz, said the management had not locked them out.

"The workers went on a sit-down strike," he said

The dispute over short time has been brewing for several months Workers say they are angry that the management employs casual workers on Wednesday afternoons and on other days

"We have been getting only R37,25 a week since we started short time It seems to us there is enough work to put us all back on full time," the spokesman said

Mr Scholtz said there was not enough work to employ workers full-time

"But we have told them that we can rotate full-time work, so they all get a chance," he said

The workers have denied they have been consulted

Several of the workers who marched from the BKB Depot in Epping, outside their hostel in Guguletu yesterday.

Cape Times 13/4/84

184

Wool packers walk off the job

By CHRIS BATEMAN

MORE than 140 Epping wool packers stripped off their working overalls and marched about 8km to their Guguletu hostel yesterday after 60 of them had been fired for refusing to work shorter shifts

The general manager of BKB wool brokers in Epping, Mr Gideon Scholtz, said afterwards that he considered all the workers fired unless they returned to work today

The month-old dispute over rotational shifts on a Wednesday afternoon came to a head when Mr Scholtz fired 60 of the workers who refused to work the Wednesday afternoon shift this week. It was the fourth week the 140 workers had not worked the shift, which has been covered by casual outside labourers

'Pleaded'

A spokesman for the National Union of Textile Workers, who claim to represent most of the workers, said the workers had unsuccessfully pleaded with Mr Scholtz to reconsider full-time shifts before walking out

"We consider this a lock-out, not a strike," she said

Mr Scholtz said the trouble began in December when his depot experienced a marked drop in wool bales

He had told the workers that "either we reduce numbers or we work short-time" and they had agreed to the latter, all working half-days on Wednesdays

At the end of February, wool receipts had increased and he had introduced a rotational system of shifts on Wednesday afternoons

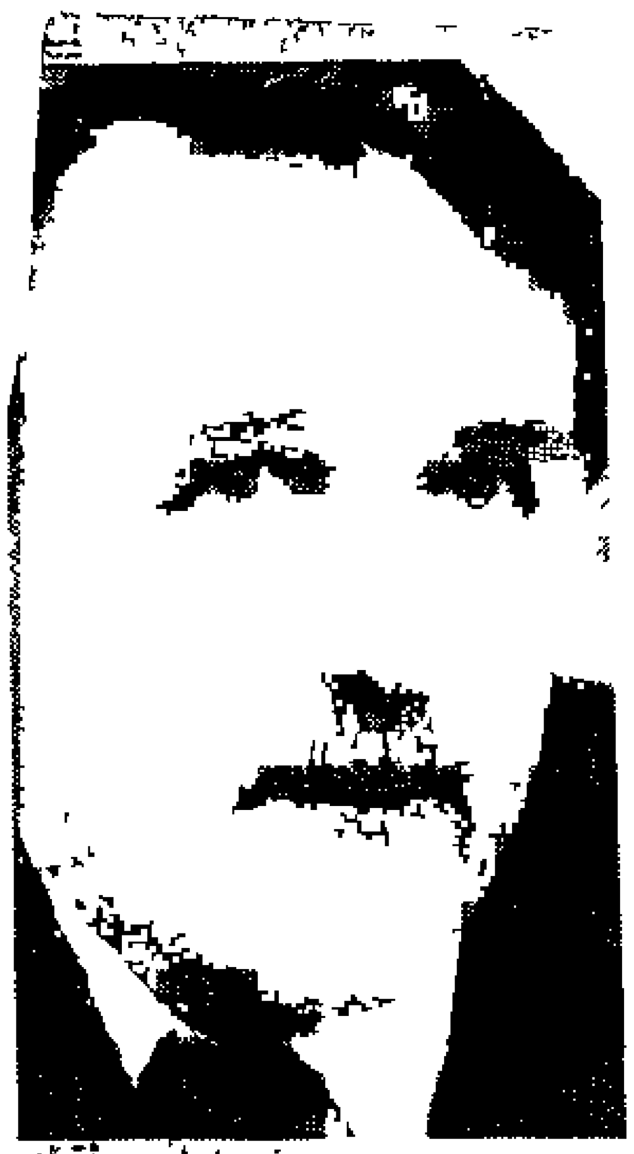
They objected

The labourers objected to this and began refusing to work the shifts. He was "forced to bring in the casual labour"

He said 75 workers were "proven" members of a separate local union and accused NUTW of "trying to get in on the act now".

A NUTW spokesman said the workers were paid an average R1 an hour and "the extra few hours on a Wednesday afternoon makes all the difference to them".

The NUTW had submitted a list of their members to Mr Scholtz late yesterday and were awaiting the outcome



Mr Georg Brunn

SA clothing could break into German market — expert

W/C Argus Bus 14/4/84 (184)

By DEREK TOMMEY, Financial Editor

SOUTH African clothing manufacturers stand a good chance of breaking into the huge West German clothing market if they can trim their prices, says Mr Georg Brunn, a leading German clothing technologist.

Mr Brünn, who has an extensive knowledge of both the South African and German clothing markets, is in Cape Town on holiday.

Until three years ago he was production director for one of the Cape's leading clothing manufacturers.

He left to take up a reseach post in Germany and has recently been appointed technical and scientific adviser to the German National Clothing Federation

Increased demand

Interviewed this week, Mr Brunn said top German retailers had been extremely impressed by a sample range of South African clothing sent there recently

They liked the fashions and were particularly impressed by the quality But the prices were between 15 percent to 20 percent too high to enable the product to compete in the German market

He said it was a market well worth entering Last year West Germany imported clothing worth Dm8,4-billion (R4-billion) Once the economy started to pick up demand for imported clothing was expected to rise further

The German clothing industry could not meet the increased demand as it had been drastically run down The number of people employed in it had shrunk from 470 000 a few years ago to 180 000 today

There were also restrictions on the import of clothing from the Far East, which often was of poor quality

As a result a gap could develop in the West German market which could be filled by South Africa if the prices were right

However, breaking into the German market would require a tremendous amount of tenacity and commitment from the top people in the South African clothing industry It would require accurate costing and manufacturers had to know what they were doing

Mr Brünn said his new post basically entailed getting money from the West German Government and passing it on to universities and technical institutes for research and development

He had a budget of Dm30-million (R14-milion) a year

The European Economic Community had recently allocated Dm50-million (R23,8-million) for research into ways in which European clothing manufacturers could compete with the Far East Japan was spending $60-million on research aimed at using robots to producefashion goods in small runs

ARGUS 25/4/84

Workers down tools over wage dispute

184 152

Labour Reporter

WORKERS at Rex Trueform stopped work for about an hour today after a wage dispute, according to a worker spokesman

The newly formed Clothing Workers' Union (CLOWU) said workers on the fourth and sixth floors — mainly machinists — had stoppped work in support of a demand for a R10-a-week increase

"We believe that the workers' demand for a R10 increase is reasonable in the light of increasing prices of food and fares," said the spokesman

He added that clothing workers were "the lowest paid in the manufacturing industry"

"Qualified machininsts with three years' experience get an average of R54 a week."

The managing director of Rex Trueform, Mr Norman Gillard, was not available for comment

However, his secretary, who would not identify herself, said "We have nothing to say We've really got no problems here Everything is settled"

The chairman of the industrial council for the clothing industry, Mr A Rosenberg, was unavailable

A worker outside the factory said that by midday today, the dispute had not been settled

Most workers at Rex Trueform belong to the Western Province Garment Workers' Union in terms of a closed-shop agreement

However, CLOWU claims that workers have turned to the new union for assistance

Production back to normal at factory

26605 26/11/84

Labour Reporter

PRODUCTION was back to normal today at Rex Trueform after a work stoppage at the factory, according to the company.

The managing director of Rex Trueform, Mr Norman Gillard, said workers, who stopped work in support of a demand for a R10-a-week pay increase, had been told that Industrial Council negotiations between the "official" Western Province Garment Workers' Union and the Cape Clothing Manufacturers' Association were in progress

Seventy-four workers at Cape Underwear in Epping were dismissed after stopping work in support of a similar demand, according to the Clothing Workers' Union (Clowu)

The company today refused to confirm or deny the dismissals.

In a statement Mr A Falconer, a director of Cape Underwear, said there had been an "instigated work-stoppage yesterday for a short period".

Clothing workers, particularly qualified machinists, have complained increasingly about their wages, which are among the lowest in the manufacturing sector.

DEFENDING

A qualified machinist gets about R54 a week.

Defending the Industrial Council, which sets wages for the 60 000 clothing workers in the Western Cape, Mr Gillard said it was a "strong council, which has created stable working conditions".

Machinists strike over pay dispute

(184) CAPE TIMES 26/4/84

Staff Reporter

MACHINISTS at Cape Underwear in Epping and at Rex Trueform in Salt River went out on strike yesterday morning, disrupting production for several hours, after being refused demands for a R10 pay increase at both places

At Cape Underwear about 74 machinists walked out and were dismissed for refusing to obey management calls to resume work after tea-break yesterday morning

Most of the workers belong to the 60 000 strong Garment Workers' Union (GWU) — the largest single union in the country — which is protected by a closed-shop agreement with employers It is also affiliated to the Trade Union Council of South Africa (Tucsa)

In Epping negotiations with management involved a R10 increase over present salaries of R54 a week for machinists, R47 for layers-up and R125 for cutters

A management statement said that a "few workers" had refused "to resume their duties whereupon their services were terminated" There was an "instigated" strike for a short period, the statement said, with no details of workers' demands

Most workers went back to work after lunch without their demands being met

The GWU assistant secretary, Mr Cedric Petersen, was jeered at when he tried to talk to workers at the site "We do not do selective negotiations at a factory level, but we do so on an industry level," he said

At Rex Trueform, pamphlets calling for a strike, if a R10 pay increase was not met, were distributed among about 300 machinists The managing director, Mr Norman Gillard, said there had been a stoppage but that work was continuing "normally"

It is believed the strike by between 10 and 20 people lasted for only a few hours

EDUCATION FOR JUSTICE

Paddy Kearney

How can the Doors of Learning and Culture be open to all? The Freedom Charter defines the goal of a just education system in this way: "The Doors of Learning and Culture shall be opened to all." The aim of this paper will be to look at each part of that aim:

- the doors of learning
  How are we to define the 'doors of learning' in 1984?
- shall be opened
  How?
- to all
  How can that 'all' be as inclusive as possible?

This analysis will draw heavily on two of the most important writers on education this century has produced - Ivan Illich and Paulo Freire.

Fired GWU workers defect to rival union

Cape Times 27/4/84

Staff Reporter

ABOUT 80 Garment Workers' Union (GWU) members involved in a strike at Cape Underwear in Epping on Wednesday had defected to the rival Clothing Workers' Union (Clowu), a Clowu spokeswoman said yesterday

The workers had been dismissed after refusing to work on Wednesday when their demands for a R10 wage increase was refused by management

The strikers tried to speak to workers returning to work, but were prevented by police from doing so, the Clowu spokeswoman said

The strikers who have been gathering at the Anglican Church hall in Bonteheuwel are said to be receiving help from local residents, who have been supplying food to them

GWU secretary Mr Cedric Petersen said that workers arrived in good spirit yesterday morning and were not aligning themselves with those who had been dismissed

"If those (dismissed) workers come to us for advice we will refer their case to the Industrial Council," he said. So far none had come.

CAPE TIMES 28/4/84

20 workers defect to Clowu from GWU

184

Staff Reporter

TWENTY more machinists belonging to the Garment Workers' Union (GWU) who were involved in a strike at Cape Underwear in Epping on Wednesday, joined the rival Clothing Workers' Union (Clowu) yesterday, a Clowu spokesman said

This brings the total number of workers defecting from the GWU chapel at the Epping firm to 100 Management at Cape Underwear say the workers have been dismissed for failing to obey orders to return back to work on Wednesday, when their demand for a R10 wage increase was turned down Machinists currently earn R54 a week.

Workers feel strongly that management now say they have dismissed themselves for refusing to return to work. Workers say they have been "literally chased out" after management gave them a five-minute ultimatum to return to duty, which they refused to obey.

In a statement yesterday, Cape Underwear said they were not approached by Clowu prior to the stoppage on Wednesday, when some workers striked. "It is now apparent that our company is being totally misused in a power struggle between competing unions,' the statement said.

"Management cannot condone wild-cat stoppages instigated by people outside the normal industry infrastructure To tolerate this would lead to total instability within the industry," said Mr Alan Falconer, a director at Cape Underwear — which is part of the giant Seardel Group.

The company believed the employment package offered was well in excess of the minimums laid down in the Industrial Council agreement, and that it had acted in good faith under extremely trying circumstances, said Mr Falconer

A spokeswoman for Clowu, however, denied the firm's claims of not being approached by them. Clowu did approach the management at Cape Underwear two weeks before the strike on Wednesday, she said.

"We would like to state that no union can instigate a stike Strikes develop because of dissatisfaction between workers and their bosses At Cape Underwear workers have been trying to speak to management for two weeks, resulting in threats and insults," said the spokeswoman

A half-hour stoppage by machinists at Bibette, another clothing factory in Lansdowne, also belonging to the Seardel Group, was reported yesterday morning It is believed, that it also involved a wage dispute, but the report could not be confirmed Managing director Mr Winer was engaged in a high-level management meeting and could not be reached

Clowu is an independent union formed last year in opposition to GWU, which is the largest single union in the country.

CAPE TIMES 1/5/84 ~~136~~ ~~139~~ 184 ~~183~~

Fired clothing workers in 'strike vigil'

By RIAAN DE VILLIERS
Labour Reporter

MORE than 130 fired strikers from Cape Underwear sang and chanted on the fourth day of their "strike vigil" in a Bonteheuwel church yesterday

The workers, almost all women, are being organized by the Clothing Workers' Union (Clowu), a new, independent union battling for a stake in the giant Cape clothing industry.

The workers regard themselves as being on strike after a demand for a pay increase was refused by Cape Underwear management last week.

The company regards them as having been fired.

The workers and union officials say they have conveyed their willingness to negotiate to management, and are awaiting a reply.

"We will wait here until our demands are met," they said

Mr Allan Falconer, a director of Cape Underwear, said he would comment fully on the situation today.

The dispute is seen as crucial for the future of Clowu, a new, independent union formed last year in an attempt to challenge the massive, established Garment Workers' Union (GWU) which has 60 000 members and is protected by a closed-shop agreement with employers

In an important development, the GWU has asked employers to bring forward wage increases due to all clothing workers in July in terms of the existing industrial council agreement, a highly placed source in the industry said yesterday.

He added the union had also asked employers to consider granting bigger increases

This is seen as an attempt to retain support of clothing workers in the face of independent worker demands There were short stoppages at several other clothing factories last week.

The fired Cape Underwear workers said they would continue to meet in the church until their demands were met and hoped they would be joined by more workers

They said they originally numbered 52 but their ranks had swelled to 137.

They have been marching to and from the factory every morning and at lunchtimes.

Spokesmen said they were still members of the GWU but had also joined Clowu since Wednesday

● A young clothing worker who had joined the strikers was removed from the church by relatives yesterday and was taken away in a car despite remonstrations by union officials and striking workers.

The secretary of the industrial council for the Cape clothing industry could not be reached for comment. The council chairman, Mr A M Rosenberg, declined to comment

Fired Cape Underwear workers singing in a Bonteheuwel church yesterday.

MD considers request to meet union

CAPE TIMES 2/5/84

By RIAAN DE VILLIERS
Labour Reporter

THE managing director of Cape Underwear Manufacturing yesterday declared he was considering a request to meet the Clothing Workers' Union, which is organizing workers fired after striking at the factory last week.

In an interview, Mr Cecil Beekman said he had received a letter from the union in which it provided some information about its organization and asked for a meeting.

"I am considering this — but as we employ 680 people it is obvious that they do not represent the majority of our workforce," he said.

Some 50 workers were fired after striking for more pay at the Epping factory last week.

They are meeting in a "strike vigil" on every working day in a Bonteheuwel church, where they are being organized by Clowu — a new rival union to the established Garment Workers' Union.

They have since been joined by more workers and the group now numbers more than 130

In a detailed statement on the dispute, Mr Beekman said pamphlets distributed since February had repeatedly "caused labour unrest" at the factory.

After a short work stoppage over wages by a "small minority" of workers, management arranged for a representative of the Garment Workers' Union to address the workers to air their grievances through the "correct channels".

Labour

It also investigated its standing within the industry regarding pay and benefits and reported back to workers that it was "proud" of the package offered as wages were well in excess of the industrial council minimum levels and many other fringe benefits were offered.

This satisfied most workers but a "group of instigators" then demanded that workers should strike

Workers were told to return to work within five minutes or consider themselves as having been dismissed.

Most returned but 49 did not and were asked to leave.

Since then more workers had stayed away. These were being considered as "normal absentees" and were welcome to return, he said

Mr Beekman said wages were negotiated on an industry level and the Cape Clothing Manufacturers' Association had called a meeting to discuss a request from the Garment Workers' Union to bring forward — and improve — an increase due on July 1

"Management cannot condone wild-cat stoppages instigated by people outside of the normal industry infrastructure and to tolerate this would lead to unbelievable instability in the industry," he added.

RDM 2/5/84 (184)

Clothing firm to meet new union

Mail Correspondent

CAPE TOWN — The managing director of Cape Underwear Manufacturing yesterday declared he was considering a request to meet the Clothing Workers' Union, representing workers fired last week folowing a strike at the plant

In an interview yesterday, Mr Cecil Beekman said he had received a letter from the union requesting a meeting with management

"I am considering this — but as we employ 680 people it is obvious that they do not represent the majority of our workforce," he said.

Some 50 workers were fired after striking for higher pay at the Epping factory last week.

They are holding a "strike vigil" in a Bonteheuwel church each working day

Clowu is a new rival union to the established Garment Workers' Union

The dismisssed workers now number more than 130

CAPE TIMES
3/5/84

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Clowu talks possible

Labour Reporter

CAPE Underwear Manufacturers and the Clothing Workers' Union (Clowu) may negotiate later this week over the fate of workers fired after striking at the firm's Epping plant.

Mr Cecil Beekman, managing director of the clothing firm, said he was considering a request for a meeting from the union.

Yesterday, he said he had made an offer for a four-man management delegation to meet with a union official and three workers on Friday morning. He was still awaiting a reply from Clowu.

A union spokesperson said the offer would be discussed by the workers yesterday afternoon.

Clowu, a new union formed in opposition to the giant Garment Workers' Union, has been organizing 49 workers fired for striking for more pay at the factory last week.

The workers have been meeting daily in a "strike vigil" in Bonteheuwel churches. The group now numbers over 130.

Employer to meet strikers

CAPE TIMES 4/5/86

184

By RIAAN DE VILLIERS
Labour Reporter

A MEETING will take place this morning between management of Cape Underwear Manufacturers, an official of the Clothing Workers' Union and workers fired after striking at the firm's Epping plant last week.

While the meeting may be crucial to the dispute, there seemed to be little prospect of a negotiated settlement yesterday.

Mr Cecil Beekman, managing director of Cape Underwear, said he would attend the meeting because the union had requested it.

Ultimatum

However, he was not prepared to consider re-employing 49 workers dismissed after ignoring a management ultimatum to return to work last week — and was not prepared to discuss the matter either.

Any impression previously created by press reports that he would consider taking back the workers was incorrect, he added.

The original 49 workers have since been joined by other workers from the plant.

Earlier this week, Mr Beekman said any workers who had gone absent since the strike on Wednesday were "welcome to return".

In a statement, Clowu's general secretary, Ms Zubeida Jaffer, said the union would would do "everything to try to settle the dispute".

However, she added that workers remained "strong in their demand for a R10 increase".

While she would not elaborate, it is thought the union and worker delegation will continue to demand the increase as well as the return of all workers.

Meanwhile, top churchmen and other prominent figures have written an open letter to Cape Underwear management in which they express hopes that the dispute will be "speedily resolved".

Among the signatories are Dr Allan Boesak, president of the World Alliance of Churches, the Rev Syd Luckett of the Anglican Church, Dr J C Adonis of the N G Sendingkerk and Sheikh Nazeem Mohammed, president of the Muslim Judicial Council.

They and others held an interdenominational church service for the workers in a Bonteheuwel church yesterday.

The letter was then read out and signed and taken to the factory by a delegation of three churchmen.

It said the strike was a "terrible sacrifice for workers and their families" and said they had a "desire to reach a reasonable and just settlement".

In response, Mr Beekman said later: "The company reiterates its commitment to discuss in good faith any problems relating to employer-employee relationships on the basis of accepted industrial relations practices."

He added the company had already agreed to meet Clowu at their request "against this background".

Clothing workers are worse off

Star 3/4/84

(184)

Own Correspondent

CAPE TOWN — Qualified workers in the clothing industry earn 22 percent less in real terms than they did in 1948, according to a University of Cape Town study

The nationwide study on minimum wages set by industrial councils has been published by the Southern African Labour and Development Research Unit (Saldru)

Saldru's Mr Gordon Young said industrial council wage agreements affected 1,7 million workers in the country.

"We have examined all wage rates in each agreement over an 11-year period Prices are now three times as high as they were in 1973," Mr Young said

In a section on the clothing industry, the biggest employer in the western Cape, the study found "The real wages of clothing workers have shown a long-term decline"

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LABOUR

Factory No to wage talks on plant level

Labour Reporter

CAPE Underwear Ltd, whose factory is the scene of a wage dispute, is not prepared to negotiate wages on a plant level as this would cause "chaos" in the industry

Mr Cecil Beekman, managing director, said it was "impossible" to hold factory negotiations in a "labour-intensive" industry

He added, however, that the Cape Clothing Manufacturers' Association had called a meeting to discuss a request from the Western Province Garment Workers' Union (WPGWU) "to bring forward the negotiated increase which is due on July 1 and to possibly consider improving it".

About 150 workers, some of whom were dismissed after a brief work stoppage last week, are continuing to meet in a church hall in Bonteheuwel

Increase

The workers are demanding a R10-a-week increase

The minimum wage laid down for a qualifierd machinist is R54 a week.

The clothing industry is the largest employer in Cape Town, with more than 60 000 people working in more than 400 factories

Mr Beekman said the company was "proud of its current employment package, which is well in excess of the minimums laid down by the Industrial Council agreement and which includes many fringe benefits which are in the interests of the welfare of our workforce"

He said the stoppage had been "instigated by a small minority of workers"

The management had asked workers with grievances to go through the "correct channels" and approach the WPGWU with their grievances, Mr Beekman said.

Agreements

The giant union, with 60 000 members, is protected by closed-shop agreements in most clothing factories in the Western Cape

Most of the dismissed workers, who consider themselves on strike, have joined the recently formed and unregistered Clothing Workers' Union (Clowu)

Mr Beekman said Clowu had written to the company, which was "investigating its credentials"

"The total organisation at this point comprises one officer and whatever workers she can get to join".

He added it was "obvious" that Clowu was not representative of the company's workforce of 680.

(184) (135)

Garment union 'not remote to members'

CAPE TIMES 13/4/83

Labour Reporter

MR CEDRIC PETERSEN, assistant secretary of the Garment Workers' Union of the Western Province, yesterday denied a claim by a University of Cape Town industrial sociologist, Mr Johan Maree, that the union had grown remote from its members

Mr Maree was commenting last week on the massive labour turnover recorded in the Cape clothing industry, which he blamed partly on the union's distance from the workers

Mr Petersen said Mr Maree "does not know us at all".

"Our union is the largest in the country and, while we are not a vociferous union, there are a long list of benefits for our members."

He said the union had three full-time social workers alleviating the problems of workers, a free legal aid service and a weekly newspaper with a "terrific feedback"

Mr Petersen said that every year the union organized a fun-run in the Tokai forest and a Spring beauty queen competition

Mr Maree said yesterday that he stood by his position "The Garment Workers' Union gives the impression of being a benefit society rather than a trade union actively fighting for the rights of workers"

CAPE TIMES 10/5/84

Pay rises for 60 000 workers

Labour Reporter

MORE THAN 60 000 Cape clothing workers are to receive pay rises originally due in July as well as an additional R2 pay increase, following a meeting of the industrial council for the Cape clothing industry yesterday.

The increases, agreed on by representatives of the Cape Clothing Manufacturers' Association and the Garment Workers' Union (GWU), follow several incidents of unrest in the industry

'Inadequate'

The Clothing Workers' Union — formed recently in opposition to the officially recognized GWU — later declared it viewed the increases as "completely inadequate".

Following the council meeting, reliable sources in the industry said employers had agreed to a GWU request that increases in various categories scheduled for July 1 in terms of the existing industrial council agreement be brought forward and paid from May 18

Employers also agreed to a union request that all workers should receive an additional R2 increase

Sick-pay rates would be increased from about 50 percent to 65 percent of actual wages, the sources said

They added that the current agreement expired on December 12 and both employer and union parties to the council agreed to start negotiating a new agreement "as soon as possible" so that new wage rates could be implemented from December 13

'Dissatisfaction'

Ms Subeida Jaffer, Clowu's general secretary, said in a later statement that the union viewed the increases as "completely inadequate", and "regretted" the decision made by employers in the light of the "grave dissatisfaction" expressed by workers.

"It believes their response can only worsen the present crisis in the clothing industry," she added

Mr A M Rosenberg, chairman of the industrial council, Mr Simon Jocum, chairman of the Cape Clothing Manufacturers' Association, and Mr Cedric Petersen, assistant general secretary of the GWU, declined to comment.

Clothing union duel hotting up

CAPE TIMES 9/5/84

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By RIAAN DE VILLIERS
Labour Reporter

THE Industrial Council for the Cape clothing industry meets today to consider a request by the Garment Workers' Union (GWU) to bring forward, and increase, wage hikes for over 60 000 clothing workers due in July

The meeting follows several incidents of unrest in the industry, including a wage strike at Cape Underwear in Epping

These followed the formation of the Clothing Workers' Union (Clowu) which is attempting to win workers away from the giant (GWU), officially recognised by employers and party to the industrial council

Defections

The request by the GWU has been viewed as an attempt to contain worker demands and forestall further defections to Clowu

However, this was denied yesterday by Mr Cedric Petersen, the GWU's assistant general secretary, who said the request was "entirely unrelated to the recent incidents"

He said the union had originally put the request to employers in February this year before the incidents had taken place

The Cape Clothing Manufacturers' Association met yesterday to discuss the request prior to today's meeting Mr Colin McCarthy, secretary of the association, would not comment on the discussions

● A Clowu official delivered a letter, thought to be from the Cape Underwear workers, to the meeting Mr McCarthy declined to elaborate on the contents and the worker's strike committee was unavailable last night for comment.

● In a statement earlier this week, the association confirmed that wage talks would take place today and also commented for the first time on the situation in the industry

In what appeared to be an expression of support for both the industrial council system and the GWU, it said the industry operated "under the agreement negotiated through the industrial council" and the association was "satisfied" that the parties presently negotiating the wage adjustment were the "qualified bodies of both management and the workforce in the industry"

Rival unions

● Meanwhile, the Minister of Manpower, Mr Pietie du Plessis, has called on employers facing conflicting demands from rival unions to avoid worsening conflict

Addressing the Cape Chamber of Industries last week, Mr Du Plessis said employers were increasingly faced with demands for recognition by more than one union with "conflicting claims of worker support"

A "great responsibility" rested on employers to "act in such a manner that any possible conflict situations are not worsened"

He said it was "difficult to lay down guidelines for action", but employers should try to identify natural leaders among their employees as these would "probably emerge as union leaders"

1984

Deadlock in 'strike' talks

Labour Reporter

TALKS between Cape Underwear management and a Clothing Workers' Union delegation deadlocked yesterday when management refused to take back 49 workers fired after striking at the firm's Epping plant last week.

Following the all-day meeting in a City hotel, 130 workers involved in the dispute — who all regard themselves as being on strike — decided not to return to work unless everybody was taken back.

Forty-nine workers were originally fired after striking but were subsequently joined by others, bringing the total to 130

Ms Zubeida Jaffer, secretary of the newly formed Clothing Workers' Union, said in a statement that management had "deadlocked" the talks through its refusal to reinstate the 49 workers who were "initially forced out of the factory".

The 130 striking workers, believing the dispute had been "forced on them by management due to their reluctance to listen to their wage demands", unanimously resolved late in the afternoon not to return to work unless everybody was accepted back, she said

Mr Cecil Beekman, managing director of Cape Underwear, confirmed the talks had deadlocked because management had refused to take back the 49 workers, in line with its attitude announced earlier this week.

However, he reiterated that workers who had gone "absent" since then were "welcome to return"

'Unrelated'

As the majority of its workers were members of the Garment Workers' Union, which was the trade union party to the industrial council, the company had "no alternative" but to accept this as the forum for collective bargaining purposes

The Cape Clothing Manufacturers' Association would meet on Tuedsay to consider a GWU request for a general wage increase throughout the industry

Regarding the 49 workers, management could not condone a situation in which employees "refused to resume their duties" in support of a wage demand which was "totally unrelated to the current discussions within the industrial council", he added.

Philipp Zuidema's new city clothing factory

Cape Times 12/5/84

184

By
ROBERT GREIG
and
ALEX PETERSEN

CHAMPAGNE flowed at Wetton yesterday as Philipp and Manuela Zuidema celebrated the opening of Philman Clothing The factory manufactures ladies' overalls, smocks and aprons for the mass market, sells directly to to industry as well as through retail chains and has a staff of 40

Philipp Zuidema says that while many tell him that the current climate is not the best one in which to start a business, they had to start sometime.

"If you start in the middle of a boom, then its too late"

After studying production engineering in Germany for four years, Phillip worked with Dorothea Zuidema (Pty) Ltd until his decision that there was a market niche that needed filling

DOWNTOWN, a bright new column catering for Cape business people and products, starts in Business Report today.

The column is for you, your company — as long as it is unlisted — and your products. If you have a new product, new business, are holding a seminar or have news about your organization that you want Cape Times Business Report readers to know, write to the Financial Editor, PO Box 11, Cape Town.

The new weekly column is for the local businessman. Its stories won't make headlines in the national press but will tell our readers what is happening downtown in their area.

His business philosophy is to deliver on time, and he feels that by supporting local Western Cape textile mills, this can be done

"The local quality is good, and with local mills we can get the delivery times we want It also helps local employment, which is crucial here in the Cape We need full employment, and should work toward it as a conscious policy"

Downtown

ARGUS 14/5/84

Underwear workers to meet management today on dispute

Labour Reporter

REPRESENTATIVES of striking Cape Underwear workers and officials from the recently-formed Clothing Workers' Union (CLOWU), say they will meet the management of the company today to discuss the dispute

This will be the second meeting between CLOWU, which is trying to wrest support from the giant Garment Workers' Union, and the management of Cape Underwear

Managing director of Cape Underwear, Mr Cecil Beekman, said today he could not comment on the matter

About 110 workers walked out of the factory two weeks ago in support of a demand for a R10-a-week increase

Commenting on increases of about 7 percent, negotiated by the Garment Workers' Union (GWU), which is protected by a closed shop agreement in most clothing factories in the Western Cape, a CLOWU spokesman said there was still a feeling of "dissatisfaction" among the workers

The clothing industry last week agreed to bring forward and increase wage rises previously negotiated by the GWU

A R4 minimum across-the-board increase, which will come into effect on May 18, has been agreed upon

Qualified machinists at present earn R54 a week.

The CLOWU spokesman said the rise in general sales tax to 10 percent and the possibility of an increase in busfares "would eat up most of the increase"

REPORT-BACK

Mr Cedric Petersen, assistant general secretary of the GWU, was not available for comment today

The GWU held a report-back meeting with the workers on Saturday in Salt River

However, reporters were barred from the meeting and no details have yet been released.

The CLOWU spokesman said most Cape Underwear workers, who originally went on strike, had not yet returned to work

He said the workers were being paid about R30 a week, which is being donated by symphathisers

Argus Correspondent

PRETORIA — The three Atteridgeville High School pupils who were arrested on Friday during a clash with the police resulting from the school unrest in the township are to appear in court today

Lieutenant T F Jefferson, Police liaison officer, said the three pupils will face charges of public violence and damaging state property

Meanwhile the Minister of Education and Training, Mr Barend du Plessis, has given the more than 6 000 boycotting pupils until tomorrow to return to classes and continue with normal tuition, failing which the schools would be closed until next year.

Early this morning the students were seen going to school but they did not have their books with them

No change

The ultimatum was today confirmed by the regional director for the Northern Transvaal schools, Mr P G H Felstead.

He said as far as he was concerned "the decision to close the schools if the boycotts continued until tomorrow has not been changed."

However, a delegation from the Atteridgeville Town Council appealed to Mr du Plessis during their meeting in Cape Town last Wednesday, that the schools should not be closed.

Mr du Plessis also repeated his desire "for an effective education to take place" and he joined the delegation in its appeal to all concerned parties to help prevent the closing the schools.

Mr du Plessis's deadline coincides with the appearance in court of five other pupils arrested a fortnight ago

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CAPE TIMES 19/5/84

184 ~~153~~ ~~131~~ ~~139~~

Underwear dispute over

By RIAAN DE VILLIERS
Labour Reporter

THE dispute between Cape Underwear Manufacturers and workers fired after striking at the factory three weeks ago was settled early last night when the parties involved reached agreement at the factory in Epping.

The agreement was announced in a brief joint statement by management, worker representatives and the Clothing Workers' Union (Clowu), which has been organising the group involved in the dispute.

It said an "amicable" agreement had been reached between management and the workers. They would return to work on Wednesday next week.

Management and union spokesmen declined to comment further.

The dispute started when 49 workers were fired after striking in support of a R10 pay demand. They were later joined by more workers who left the factory.

The outcome appears to be a negotiated settlement in which management has agreed to take back all the workers. In return, the workers appear to have relinquished their original wage demand.

Workers involved in the dispute gathered in a Muizenberg hall yesterday afternoon, where they presented a short play depicting their experiences during the dispute.

While relatively few workers were involved, the dispute has been unusually important and its outcome may have a major bearing on labour relations developments in the massive clothing industry, which employs more than 60 000 workers.

Clowu is a new union, formed recently in opposition to the giant Garment Workers' Union of the Western Province (GWU), which is officially recognised by employers and is protected by a closed-shop agreement.

While Clowu was not formally involved in the original wage dispute, it subsequently organised workers involved.

The dispute is said to have been the first strike in the giant Western Province clothing industry since 1936.

Clothing workers are back

Labour Reporter

NINETY-EIGHT workers returned to an Epping underwear factory today after striking for three weeks.

The employees, members of the Clothing Workers' Union, returned to Cape Underwear Manufacturers Ltd in terms of an agreement concluded with the company last week.

About 50 women, who initially downed tools in support of a demand for a R10-a-week pay increase, were dismissed three weeks ago. They were later joined by about 70 others.

TRICKLED BACK

Some trickled back to work during the three-week strike.

Mr Cecil Beekman, managing director of the company, confirmed that the women were back at work. Everything had gone "smoothly", he said.

The dispute, although not involving many workers, was seen as significant by labour observers.

The clothing industry is the largest employer in the Western Cape, and the Cape Underwear strike is believed to be the first in the industry since 1936.

The Western Province Garment Workers' Union — one of the largest unions in the country — has been protected by closed-shop agreements with most clothing companies for more than 30 years.

There have been several signs of discontent in the clothing industry recently, particularly over wages.

The Cape Clothing Manufacturers' Association yesterday instituted a wage increase of R4 a week for all categories of labour.

A qualified machinist will now earn a minimum of R58 a week.

RDM 30/5/84 (184)

Cape union takeover 'ironic'

Own Correspondent

CAPE TOWN — A labour historian and expert on the clothing industry, Mr Martin Nicol, says the takeover of the Garment Workers' Union of South Africa by the Garment Workers' Union (Western Province) is an "historic irony of immense proportions"

Mr Nichol, a University of Cape Town academic, was commenting following the the announcement that the 6 000-strong Gwusa is to become part of the 60 000-strong GWU (WP)

He said "For 25 solid years, between 1930 and 1955, the Transvaal Garment Workers' Union waged a militant campaign to take over the Cape union, but the Cape leadership resisted. Now the tables have turned.

"Solly Sachs, general secretary of the Transvaal union until 1952 and one of the first trade unionists to be banned and exiled, believed the only way the wages of Cape clothing workers could be raised to the Transvaal standard was to have one national union.

"Now that wages are comparably low throughout the country, the Cape union is to take over the Transvaal union"

Mr Cedric Petersen, assistant general secretary of the GWU (WP) said the move had been motivated by the shrinkage in membership of the Transvaal union He added that there had been unanimous support for the move in the Transvaal union

Threat to jobs mars clothing pay deal

184

By ROBERT GREIG

CHRISTMAS spending in the Western Cape is likely to rise after a new wage agreement in the clothing and knitting industry, but jobs are in danger.

The agreement, effective from December 13, will put R10-million, including holiday pay, in the pockets of 62 000 workers up to July 1985.

But industry spokesmen warn that reduced consumer demand and rising costs could mean that smaller employers might have to lay off staff.

In terms of the agreement, announced yesterday by the Industrial Council for the Clothing Industry (Cape), minimum wages of qualified machinists will rise to R64 a week from December 13 — a 12,5 percent increase. Qualified machinists form the bulk of the industry's work force.

In 1985, their wages will rise to R72 and on July 1, 1986, to R77 a week.

In the two years to December 1986, machinists will receive a cumulative increase of 32,7 percent, of which 15,5 percent will be in 1985.

The agreement includes higher termination pay and increased Sick Fund and Provident Fund contributions.

Signatories are the Cape Clothing Manufacturers' Association, the Cape Knitting Industry Association and the Garment Workers' Union.

"All these increases will inject tens of millions of extra spending power into the economy of the Western Cape over the next two years," said the chairman of the council, Mr A M Rosenberg.

"Holiday pay will be calculated at the new wage rates, and the thousands of workers in the industry earning wages in excess of the minimum rates will benefit, as the wages negotiated tend to ripple through the industry, affecting all wage-earners."

Employers and employees alike welcomed the agreement. They also warned that the coming year would see increased unemployment, especially among smaller firms less able to absorb higher costs.

The general secretary of the Garment Workers' Union, Mr L Petersen, said it was "a very good agreement". But he added that widespread unemployment was expected next year.

The chairman of Seardel Investment Corporation, Mr Aaron Searll, said the terms of the agreement were justified. Seardel employs 10 000 workers in the Western Cape.

He said employers had a responsibility to lift the level of wages. However, he warned that the time had come when the industry could no longer absorb increases unless productivity improved.

Mr Searll said the increase was "double-edged" in that it would probably affect the fortunes of smaller firms.

Mr R Malcolm, managing director of Bonwit, which employs 2 200 workers, said the agreement was fair. He said it was company policy not to lay off staff.

A spokesman for Assocom, Mr Vincent Brett, said from Durban that though he was not fully acquainted with the industry, "it would appear that employers and employees are forcing themselves out of existence".

"Such an increase, with the downturn in the economy, is likely to exacerbate unemployment," he said.

Cape Times, Fri October 1984

C-Herald 26/5/84

Strikers to return

CAPE Underwear management has agreed to re-instate all its striking workers This decision came after negotiations between Cape Underwear management and the Clothing Workers' Union, which represents all the striking workers

The more than 100 striking workers had demanded a R10 increase in wages

After a recent Industrial Council meeting for the clothing industry, workers were granted a minimum raise of R4 According to the CLOWU secretary, Ms Zubeida Jaffer, workers at Cape Underwear had been granted a R5 increase by management there The workers had accepted this and would not push ahead with their R10 increase demand.

THE EXECUTIVES

W/E Argus
26/5/84

Mr Simon Jocum, chairman of the Cape Clothing Manufacturers Association and joint managing director of Peerless Shirt Manufacturers, is also chairman of the Clothing Industry Training Board of South Africa and immediate past president of the National Clothing Federation.

Clothing industry now 'a survivalist game'

(184) ~~320~~ ~~335~~

By AUDREY d'ANGELO

THE rise in general sales tax on July 1 is more likely to increase unemployment than to bring profit margins down, says Mr Simon Jocum, chairman of the Cape Clothing Manufacturers Association and joint managing director of Peerless Shirt Manufacturers (Pty).

He said in an interview that he did not think clothing retailers or manufacturers could afford to reduce profit margins to avoid a fall in sales as a result of the higher GST

Stiff competition was already keeping prices low "Clothing manufacture is the most competitive industry in South Africa

"In Cape Town alone there are more than 400 factories and in the country there are 1 000, all competing, and that keeps prices down.

"The clothing industry is not a high-profit one It has become a survivalist game.

"There is stiff competition between retailers, too That is why prices this winter started at the same level as last year."

The fall in the value of the rand against the dollar had already wiped out most of the profit some manufacturers using imported fabrics had hoped to make from clothes for next summer

Cautious optimism

They had ordered fabrics to be paid for in dollars at a time when the rand was worth $0,88c, only to see it fall to below $0,77

The clothes had already been sold to retailers at prices based on the higher value of the rand "and some people have taken a bad knock"

In spite of this clothing manufacturers, who were now taking orders for next winter, were in "a mood of cautious optimism."

Retailers had allowed their stocks to fall so low that they had to order more

This was the main reason for a recent upturn which the rise in GST now threatened to kill off.

The spell of cold weather last week had helped sales and it was possible there could be more.

"A great deal depends on the weather We had no really cold weather last winter and it was the worst one that I can remember in 35 years in the clothing trade.

Free market zone

"Firms which kept going through that are the ones which will survive This year can only be better than 1983"

Discussing future trends, Mr Jocum said the South African clothing industry would not fear competition from overseas firms setting up in the new free market zone in the Ciskei, provided it was fair

To Page 18.

But protection would be needed if these firms were able to buy fabrics free of import duties because this would lead to unfair competition from "predatory imports"

His own firm bought South African fabrics whenever these were available, even if the cost was higher than those from overseas

More jobs

He thought it important to help provide jobs by supporting the local textile industry

Some local firms produced beautiful fabrics and although there were complaints that some were late in fulfilling orders this was not always the case

Both manufacturers and retailers could avoid delay by giving orders well in advance

Unfortunately a reluctance by retailers to keep large stocks when interest rates were high had increased a tendency to give late orders.

Big chains

Neither Mr Jocum nor his partner, a cousin by marriage, Mr Stuart Tyfield, intended to have careers in the clothing industry

Mr Jocum was studying to become an accountant when he was invited to join Peerless Shirt Manufacturers The firm had been started by an uncle, Mr Cecil Jocum, three years earlier to supply his own wholesale company

Mr Tyfield, who had been working as a journalist on a Cape Town newspaper, also joined the firm and they began to supply independent retailers

Now Peerless also supplies the big chains. It employs 370 people — some of whom have been with the firm for many years — and has doubled its turnover in the past six years

It was one of the first firms in Cape Town to introduce an incentive bonus scheme for high productivity 10 years ago. This resulted in a 58 percent increase in productivity in the first two years.

It is still a family firm. Mr Tyfield's sons, Laurence and Jonathan, have joined it and Mr Jocum said. "We run it as a team."

He has never regretted coming into the business although he says: "It is a high-risk industry.

"Men of all ages have become very fashion-conscious now and however long you have been in the business you are only as good as your latest range.

"After 35 years I still make mistakes — but I make them with more confidence.

"One of these days I mean to write a play about it."

Business Day/TEXTILES RDM 20/9/84 (184)

Textile chief glum on hopes of job creation

Financial Reporter

THE textile and clothing industries hold out little hope of making a serious contribution to increasing employment, says the chairman of the Textile and Clothing Advisory Council.

At the council's recent annual meeting in Cape Town, Mr Ernest Wilson said. "Regrettably, I do not see our industries as making a significant contribution to the provision of new jobs in the '90s and in the 21st century

"The wind of change has been at gale force in our industries for three years and few if any of our organisations have not been radically affected by the new ball game where productivity, efficiency and flexibility are the name of the game.

"Those of us who remain in business in clothing and textiles will be in high technology, highly sophisticated and automated industries in capital rather than the labour-intensive sector."

The anticipated growth in the economy will not result in the creation of a proportionate number of extra jobs, but will merely improve marginally the current employment level.

"This is a factor of which Government does not appear to be sufficiently aware as it pursues its free trade policies and the short-term advantages of homeland investment

"The year had been dominated by uncertainty and nervousness, with mini-booms followed or preceded by doldrum recessions"

There had been a call from the distributors for greater flexibility in the manufacturing sector, for shorter lead times and for more positive innovation in design and development

"In paradox to these needs was the need for critical asset management due to the prohibitive cost of money, resulting in manufacturers keeping raw material stocks to a minimum Added to these problems are the prospects of sharp cost increases in raw materials against a backcloth of lower anticipated consumer spending"

There had been a marked slowing down of imports, both of clothing and textiles, prompted mainly by the devaluation of the rand

"I would emphasise, however, that this is only a short-term respite and that the industries' endeavours to secure reasonable protection through tariff revision cannot afford to be relaxed."

Sectoral reports to the meeting mentioned that both wool and cotton prices would increase. Stability was also foreseen for synthetic fibre prices because petrochemical prices were denominated in dollars

In fabrics, the cotton and synthetic weaving sectors had shown a steady improvement, but employment remained below the 1981 level

Worsted weavers reported a sustained improvement over 1983, due partly to the replenishing of stocks which had previously been at very low levels Sales had increased by 30% in the first seven months of 1984, compared with the same period of 1983, but were still 15% below those of 1981

There was uncertainty about the future and fear of weakening demand in 1985 in view of the increased wool price. The cotton and synthetic weavers were also fearful of weakening demand leading to the cancellation of orders

In the knitted fabrics sector, output had declined steadily since 1981 because of a fashion swing from knitted to woven fabrics Moreover, the sector had not experienced any mini-booms However, some speciality lines had sold well and there was a strong demand for cotton knits

The clothing industry reported that there were demands from retailers for shorter lead times so that stock turns could be improved from the current three or four times a year. But lead times and delivery delays by the industry's suppliers made the prospects of achieving this remote Orders placed with the clothing industry appeared to be realistic in relation to consumer demand

The wholesale trade was faced with problems arising from a lack of liquidity and high interest rates There was difficulty in maintaining turnover because of resistance to higher prices at all levels of the distribution chain

Multiple-store retailers were experiencing erratic sales and little growth was foreseen The demand was for more basic fashion merchandise Reliability of deliveries and of quality was important.

RDM 17/9/84 (184)

Payroll tax a threat to jobs, says clothing industry boss

By ROBERT GREIG

A PAYROLL tax would worsen unemployment and threaten existing jobs, the clothing industry has warned the government.

The chairman of the National Clothing Federation, Mr Mike Getz, said recently that imminent payroll tax — "this latest reaction of the central authorities to the acute economic problems we face" — threatened "the very basis of present and future socio-economic priorities".

"The creation and motivation of job opportunities for our under-employed population could be seriously undermined.

"We believe that this contradiction is an unfortunate result of the absence of a consistent policy towards the encouragement and development of job-providing industries".

The payroll tax has been accepted in principle by the government as one of three tax means of raising money for local authorities, clothing industry sources say.

The other forms of tax are on capital investment and turnover.

Further details of these have not been released, nor when the taxes will be introduced

Mr Getz predicted a moderate decline in clothes manufacturing in 1984, compared to 1983's 8% volume decline in clothing sales and 14% decline in manufacting volume.

He said the industry's prospects depended on·

● A cost structure that would help develop manufacturing industries.

Rents were high by Western standards and extremely high for the small, complex domestic market. "Realistically, they may well be too high for sustained growth of consumption in real terms.

"The gap between average income growth and the rise in forward costs a square metre is widening," Mr Getz said

● An up-to-date foreign trade policy.

Mr Getz said. "It is important to understand that SA's preoccupation with the price of gold masked a far more serious problem

"This is the lack of awareness in both the private and public sector that we are presently approaching world markets with an ageing and vulnerable mix of commodities and products."

Mercury 28/9/84 (184) (288)

Clothing imports flood into S A

Mercury Correspondent

CAPE TOWN—Clothing imports are continuing to flood into the country in spite of the recession, with the January to April figures rising 56 percent to R50m on an annual basis, Seardel chairman Mr Aaron Searll warns in his annual report.

In a hard hitting review Mr Searll calls on the authorities to give the clothing industry, which can be a major creator of jobs over the next decade, a new deal

Not only is due recognition being withheld of the industry's role in the country's socio-economic structure, but its raw materials are overpriced to favour and protect primary and upstream suppliers

Taxation and investment allowances discriminate significantly against labour intensive activities and Mr Searll notes that this insensitivity is now incredibly reinforced with proposals for a payroll tax

Control

'These traditional practices are onerous and threaten to undermine opportunities for developing manufacturing in South Africa as the base for our population entering industrial life and progressing with it.'

The local industry faces an increased import threat when South Africa becomes a full signatory of GATT This will remove import control and protection will hinge on tariff measures

Mr Searll says the clothing industry will need to exercise particular vigilance since experience indicates that tariff barriers can be readily breached

'The situation is further aggravated by the absence of Government policy on the future role that labour intensive industries such as our own have to play in the area of industrial strategy and foreign trade'

Competition has increased in export markets with major exporting countries taking aggressive steps to improve their market position and he notes that South Africa, although it needs to create labour intensive activity, appears to have no clear policy or direction.

Turning to the economy Mr Searll sees no significant upturn before the second half of next year Group sales for the first two months are in line with 'conservative budgeted' expectations and the forward order position is satisfactory

Margins

But there is difficulty in obtaining long term forward business and margins remain under severe pressure

Seardel is forecasting a fall in earnings per share this year from 102,8c to 70—90c Pre-tax profits will be around the R9 to R11m mark (R11,4m) with sales marginally higher at R340m — R350m (R334,7m)

The forecasts take into account the high level of interest rates Seardel's improving liquidity has led to it redeeming early a further 3m of the second series of cumulative redeemable prefs which will lead to a considerble drop in servicing costs.

Searll warns on flood of clothing imports

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By PAUL DOLD
Financial Editor

C. Times 27/9/84

CLOTHING imports are continuing to flood into the country in spite of the recession with the January to April figures rising 56 percent to R50m on an annual basis, Seardel's chairman, Mr Aaron Searll, warns in his annual report.

In a hard hitting review, Mr Searll calls on the authorities to give the clothing industry, which can be a major creator of jobs over the next decade, a new deal.

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Market position

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Clothing industry under pressure

By ROBERT GREIG

WITHOUT exception, clothing manufacturers report reduced domestic demand, higher costs and a struggle to compete with Far East producers in the export market.

Times are exceedingly tight for them, yet the industry has announced a new wage structure for the next two years which give workers real increases, even seen against the dourest of predictions about the inflation rate

The Garment Workers' Union points out in its October newsletter that workers wages will have risen 18,3 percent in 1984 by December

"This compares with an inflation rate of 14 percent," says Clothes Line

In the same period, say the workers, clothing prices rose nine percent

The Western Cape clothing industry — in the past a low payer — is commited to increasing wages in real terms, says the secretary of the Clothing Manufacturers' Association, Mr Colin McCarthy

In the past, its wages have been behind the national average

Traditionally, the Western Cape paid better than Natal or the Transvaal but the differential is now residual, he says, with Natal matching the Western Cape's increases

With more than 1 000 factories, employing 120 000 people in the country, it is, he says "a very competitive industry"

There are many producers but few retailers and this helps to explain the extent to which manufacturers have had to absorb the costs of wage increases Their ability to pass on increases to consumers is "limited"

According to the National Institute for Productivity, the clothing industry workers are among the country's most productive

However, their productivity dropped by 11,6 percent between 1982 and 1983 and 12,3 percent between 1981 and 1983.

To an extent, then, wage increases are compensatory — making up for low wages in the past.

The first question, though, is for how long the industry can increase wages and how able is it to increase them in recession

Domestic demand is declining as a result of the government's attempts to control spending and thus inflation

On the other hand, as the Bureau for Economic Research (BER), Stellenbosch, notes in its predictions for 1985 "The sharp fall in the external value of the rand will limit competition from imported goods, with the result that domestic production will not suffer as badly as indicated by the decline in domestic demand "

It adds that in its bleak view of 1985, "the sectors producing consumer durables and semi-durables will be hit hardest"

Larger producers have what the University of Cape Town economist, Dr David Rees, calls "the escape route" of imports

Ideally, earnings here might offset some domestic losses Those without that route will have to lay off staff

The escape route has decided limitations Chief among them is the lower cost structure of Far Eastern countries which compete with South Africa in sectors of the overseas clothing market

The chairman of Seardel Investment Corporation, Mr Aaron Searll, points out that Korean clothing workers work a 60-hour week, compared to the Western Cape workers' 41-hour week. Wages are substantially lower

However deplorable that is to Western eyes, it represents a threat to South African clothing exports' competitiveness

The threat may be met by increased productivity which everyone agrees is a good thing

The other strategy is becoming more capital rather than labour-intensive. This is what Dr Rees predicts

It's a familiar cycle In human terms, it means fewer jobs or higher wages for fewer

In structural terms, it means fewer producers In consumer terms, it means higher prices

FINAN

Outlook bright for SA clothing industry — Getz

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Argus 28/5/84

IN spite of the economic situation, things are looking up for the clothing industry — the biggest single employer of labour in the Western Cape.

Mr Mike Getz, president of the National Clothing Federation of SA, says manufacturers report full order books and a high degree of capacity utilisation.

"The clothing industry appears to be moving against the economic tide in that a notable improvement in activity levels is being experienced or anticipated by many manufacturers," he said on his return from a meeting of the NCF executive in Johannesburg

PROFIT MARGINS

The rise in GST might not affect this because retailers were having to build up stocks again after allowing their inventories to run low

"Although the current increase in GST is expected to have a dampening effect on customer buying patterns it should be borne in mind that current stocks in the supply pipeline appear rather low"

Also, manufacturers have cut their profit margins "The present 7 percent inflation rate in the clothing industry is indicative of low turnover margins and is well below the overall rate of inflation."

Mr Getz said the NCF executive had closely scrutinised both prevailing and expected conditions in the clothing industry

EXPORTS

As a result, the executive was calling on the Government to give more help to the development of the export trade as a matter of urgency

It was also upgrading its training scheme and urging the Department of Manpower to replace tax rebates for training with cash grants

It regarded cash grants as "more efficacious as incentives than are tax rebates, as indeed evidenced by the success achieved with the latest cash-based decentralisation incentives"

An industrial relations committee had been formed to help members in various regions to understand, appreciate and adapt to the ramifications of the new labour dispensation.

NEW JOBS

It was appreciated "that in this process attitudinal change on the side of management will also be required"

Discussing exports, Mr Getz said these were vital as a basis for recovery, growth and the provision of new jobs.

The export industry was now "critically dependent on prompt and relevant action by the Government in the area of export development.

"It is important for the medium and long-term future that current opportunities are not missed by South Africa"

SA 'winning fight against inflation'

A(Gu) 28/5/84

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THE FIGHT against inflation was being won in South Africa, but increases in administered prices and within the public sector, were resulting in a Government-led pice spiral according to Mr Chris Ball, managing director of Barclays National Bank

He said the authorities had been far from disciplined in dealing with prices in their sphere and this had been the major factor in the price escalation pattern.

Year-on-year inflation increased to 10,98 percent in April from 10,16 percent in March.

It was not the commercial banks' but the Reserve Bank's policy to keep ineerest rates high, to influence the demand for credit through its price and thereby the demand for goods and services and therefore the inflation rate

SPENDING

However, the problem was that there was no excess demand and productive capacity was adequate

Only when the public's perceptions of continued inflation changed would spending be curbed, he said

He said the marked shift of deposits into the short-term end of the market and a narrowing of the differential be-

Gold at $386,50

GOLD traded at $386,50 (R494,24) an ounce in Zürich today — down from the opening $388,20 in Hong Kong, but still $2 above the London fix on Friday afternoon — Reuter reports

Both the London and US markets are closed today because of public holidays, but in New York on Friday gold had jumped to a two-month high as concerns about world oil supplies and the stability of the banking system in the United States led nervous traders to buy precious metals

The dollar turned in a mixed performance in New York. Dealers said currency markets calmed down from

Golds quiet

JOHANNESBURG. — Gold shares continued firmer on the Johannesburg Stock Exchange today in reaction to the further rise in the bullion price Trading was relatively quiet and demand mainly local with British and US markets closed today

Among heavyweights Vaal Reefs was up 300c at 16400c and Kloof 200c at 6850c, while among cheaper issues Elands was up 25c at 1825c and Loraine 20c at 770c and 22 golds were firmer, three unchanged and none easier

Diamond share De Beers followed golds, rising 13c to 935c, but other minings and financials were virtually

From left: Price, week's change, divide-

MINING

MIN - COAL			
AMCOAL	3075	B	4 7
A T COLL	3000		8 4
ANGLOCOL6%PP	182	B	17,9
APEX MIN	3000	B	8 7
CLYDSDL	1750		5 6
MCALPNE	440	B	5,5
NAT COAL	260	5+	4,8
TRNS NTL	845		7 1
VIERFNT	68		14,0
WANKIE	25	1+	
WELGDCT	225	15-	7 6
WIT COLS	5150		7,8
MIN - DIAMONDS			
ANAMINT	10600		6,5
BRDACRE	43		
DEBEERS	935	12+	4,3
THERON	40	SUSP ENDED	
TRNSHEX	316		2,9
MIN. - GOLD - RAND & OTHERS			
MODDER	905		
DBN DP	4025	75+	
E DAGGA	690		
E DAGGA OPT	400		
E T CONS	3400	B 50+	1,9
ERGO	1170	10-	5 3
ERGO NPL	200		
ERGO CD	1625	B 25+	1,0
E R P M	2175	75+	
E R P M OPT	240	B 15+	
EGOLI	238	3+	
FALCON	385		26,9
GROOTVL	1875	75+	6 7
MARVALE	520	20+	9 6
PRIM G M	850		1,5
RANDFNT	19300	300+	6,2
SIMMERS	660	10+	
SALLIES	910	15+	6 6
STH RDPT	395		
STHRPT10%CPP	395		2,0
VILLAGE	165	13+	3 0
VLAKS	415	10+	7,2
W R CONS	1175		5 1
W NIGEL	360	20+	
MIN - GOLD - EVANDER			
BRACKEN	416	A	14,5
KINROSS	3350	100+	5,9
LESLIE	450	10+	10 4
WINKELS	6650	B	6 0
MIN. - GOLD - KLERKSDORP			
AF LEASE	625	B 15+	
BUFFELS	8000		6,5
HARTIES	10500	100+	7,2
SOVAAL	8440	100+	4 7
STILFTN	2000	50+	14,0
VAAL RFS	16400	300+	7,3
ZANDPAN	1725	25+	7,4
MIN. - GOLD - O F S.			
FREGULS	5250	125+	6 7
HARMONY	2850	50+	8,2
LORAINE	765	15+	
P BRAND	6000	100+	4,2
P STEYN	7200	50+	6,5
ST HELNA	4575	B 25+	9 6
UNISEL	1860	20+	5,9
WELKOM	1625	25+	9 1
W HOLDS	6450B	150+	8 9
MIN. - GOLD - WEST WITS			
BLYVOOR	1900	25+	12 6
DEELKRL	550	5-	1,8
DOORNS	3275	75+	6,1
DRIES	4850	25+	5,9
ELANDS	1810	10+	2,2
ELSBURG	550	2+	5,9
KLOOF	6850	200+	4,8
LIBANON	4625	25+	6,5
VENTERS	2050	65+	7,8
W AREAS	895	30+	5 6
WSTN DP	8250	100+	5,2
WSTN DP OPT	3100	200+	
MIN. - GOLD - CURT OPS.			
RD LEASE	200	5+	

TOLUX	1520
UN & LOND	420
FIN. - PROPERTY	
AMAPROP	455
BESTER	710
BRIST IN	53
CMNFED	620
G F PROP	375
K & L TIM	160
MARSHAL	175
NATPROP	90
N KLEINS	480
PICPROP	115
PROPGRP	105
R M PROPS	[illegible]
RETCO	[illegible]
SABLE	[illegible]
TOMKOR	[illegible]
TOMKOR 13%CD	100
TUCKERS	[illegible]
UNIDEV	[illegible]
FIN. - PROPERTY TRUST	
CBD FUND	[illegible]
CENPROP	
FEDFUND	
PIONEER	[illegible]
SANLAND	
STANPRO	[illegible]
UMDONI	[illegible]
VETRUST	

INDUST

IND - IND HOLDING
ADVANCE
AFEX SA
AMAL IND
ANCHUSA
AMIC
AMIC NPL
AMIC OPT
A T I
BARBCAN
BARLOWS
BARLOWS PORD
BLUCIRC
BON KOR
BROHOLD
BROMAIN
BTR
CGSMITH
CULINAN
CULIN11,25CD
CURFIN
D & H
D & H NPL
DE BOND
DROYAL
ENYATI
EUREKA
FED VOLK
FED VOLK CP
F-S IND
F-S IND14%CD
FRENCOP
HUNTCOR
HLH
IND - BEVERAGES &
KAAPWYN
KWV BEL 7%PP
SA BREWS
SUTHSUN
SUNCRSH
UNIEWYN
IND - BUILDING &
A ALPHA
BOUMAT
CONCOR
EVERITE
FED-BLA
GOLDSTEIN
GDHOPE
GRINAKR
GROUP 5

FM 1/6/84

324 flats We're moving into phase two, with 88 sub-economic houses, about 50 owner-built houses and 194 flats scheduled. We run at a small deficit — about R874 000 a year."

Magerman did his B Comm at Wits, then started a wig-making business But times were against him as black consciousness pushed the "natural look." Now he's proprietor of a hairdressing salon

Yes, Magerman, agrees, he and his party are made up of the Alex elite He adds "New movements like the United Democratic Front feel we've gone too far in working within the system The Save Alex Party was okay; but since we formed the town council, they're very critical

"Alex is primitive," Magerman says baldly. "We don't have any infrastructure to speak of. Sewerage, electricity, water supply and stormwater drains are urgent priorities

"We have continuous trouble with the Department of Co-operation and Development," he growls "Their constant refrain is that they have no money

"Heaven knows, we need revenue sources We're considering a stadium, and we're looking at increasing electricity tariffs, since we're selling it for less than we pay for it We don't have the money to upgrade the hostels, but, in any case, the inmates can't afford more," he says

Plans for the nucleus of a CBD are in the pipeline "We need to establish a business centre here as a magnet to stop the flight of money And we need partnership with white capital."

Magerman's an ambitious man in a difficult situation. On your way out past the augmented queues, the stickers on the doors say "I love Alex" He needs to

ANNA SCHEEPERS

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History may have overtaken Anna Scheepers but it can never forget her. The labour war-horse and former United Party Senator — target of both intense loyalty and detraction — announced her retirement last week, signalling the end of an era in SA's labour history And her 68-year-old union, the Garment Workers' Union of SA (GWUSA), is soon to be absorbed by the Western Cape Garment Workers' Union (WCGWU).

For GWUSA, once considered to be one of the country's most powerful and radical unions, has been left behind by new labour trends and developments And its once powerful boss, after 50 years of union activity, is now bowing out.

Scheepers (70) looks like she ought to be baking *koeksusters*, but has been GWUSA president for almost 47 years and obtained an honorary doctorate from the University of the Witwatersrand for her contribution to industrial peace.

Though she has retired once before and returned, she is now saying goodbye forever — and not with an entirely light heart "This time there's no going back," she says "I can't stay and watch everything I've built up over 50 years destroyed and workers losing everything we've fought for

"My ideas are no longer in keeping with current trends and I feel frustrated and disappointed We fought for so many years for all workers to be members of registered trade unions Today unions are fighting against this

"So I ask myself what I fought for — the unorganised aren't organised and the organised are divided And I can't see any one benefiting from these divisions I would like to see more progress in organising the unorganised and to see unity instead of division I feel sad now."

Scheepers has paid her dues as a unionist and like many other unionists today has had her brushes with the law. "The most significant achievement of my working life was in 1948 when we won a 40-hour working week for Transvaal garment workers," she says "At the time, our City Hall meeting was attacked by our political opponents and the doors and windows broken"

But today GWUSA is regarded as one of the more conservative unions. "We weren't really radical in the past, but were considered so because of strike action organised in 1931-1932 by Solly Sachs," Scheepers explains

"People thought we were *kaffirboeties* or Communists simply because we fought for all workers But, at that time, striking was the only way"

Today she sees things differently. "Strike action isn't economically beneficial to workers, and certainly not before all other possibilities are exhausted I believe in negotiating and using the legal machinery But the new leadership is looking for confrontation rather than negotiation"

Born on the farm De la Rey, named after her great-uncle General Koos de La Rey, near Krugersdorp, Scheepers, like many other *platteland* girls, was forced by economic conditions during

the Depression to seek work in the city

Her first job at 18 was in a Malvern delicatessen Seven months later she began work as a presser for Jaff and Co and became involved with GWUSA. She was made a shop-steward almost immediately and has been immersed in the trade union movement ever since Widowed twice, both her husbands were union office bearers

In its heyday, GWUSA was one of SA's most powerful unions, but in recent years, its membership has dwindled "White and coloured workers aren't coming into the industry any longer In the past, many matric girls or even teachers worked in the clothing industry because there was no alternative employment. In 1953, white workers were in the majority Today whites constitute 1,5%," she explains

Dwindling membership has forced GWUSA to consider amalgamation And while it would have been logical for the union to merge with the black National Union of Clothing Workers (NUCW) — which GWUSA originally helped form in 1940 — Scheepers is bitter that NUCW rejected their approaches after three years of negotiation

"I have no doubt of our black support Recently, I thought that instead of amalgamating with the WCGWU, we'd reapproach NUCW But our members wouldn't hear of it One of our branches said they would not consider merging with black unions because they've never acted responsibly," she says directly

"I think that the emerging black unions are acting counter-productively. They should be tackling the thousands who are still downtrodden and unorganised rather than attacking existing membership The white-anting of unions can pay no dividends, and isn't in the workers' interests

"My greatest fear is that with the growth of many small mushrooming unions, it will just be a question of divide and rule My greatest hope is that I'll live to see one union and one national agreeement in the garment industry"

Business Day/INDUSTRY

ROM 8/6/84

Clothing industry demand steps up

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By PRISCILLA WHYTE

Most of the 1 200 manufacturers belonging to the National Clothing Federation (NCF) have had full order books since April.

However, the latest official production statistics show a real decline of 14% last year.

Normal capacity utilisation is 75%-80%. By December, a level of 85% had been reached.

The July increase in general sales tax — to 10% from 7% — may cause an artificial mini-boom before it comes into effect and Mr Mike Getz, president of the NCF, says stocks in the supply line already appear low.

He notes that reports of shortages of fabric are being received.

The 7% inflation rate in the clothing industry is well below the overall rate and Mr Getz believes it is indicative of low manufacturing profit margins.

In 1983, total manufacturing turnover was R1,534bn, with imports at R98m and exports of R34m

Manufacturing volumes are expected to be maintained for 1984 and, although real growth may be only marginal, no further decline is expected.

Mr Getz says exports are the basis for real recovery and manufacturers are dependent on a prompt and relevant decision by the Government on export incentives

According to Mr Getz, the clothing industry welcomes the replacement of tax concessions for training with a cash grant system.

Its R1,25m training board, funded by employers, is facing increasing financial pressures.

High labour turnover and absenteeism in the Western Cape are being investigated.

12/6/84

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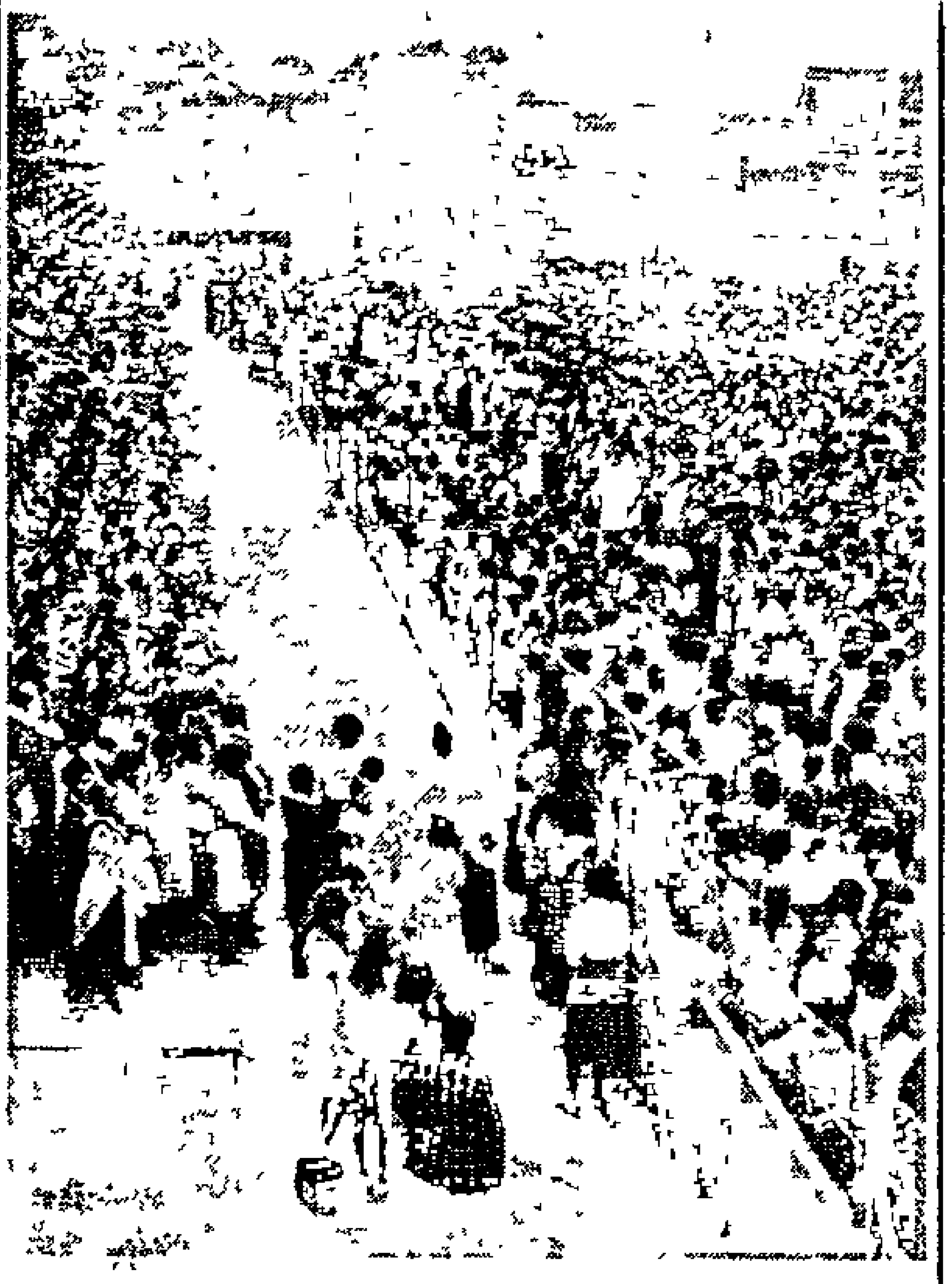
The Natal Mercury, Tuesd



Part of the large turnout at the Garment Workers' Industrial Union meeting at Curries Fountain in Durban yesterday.

Workers back single union representation

Labour Reporter

IN ONE of the largest trade union meetings at Curries Fountain in Durban, more than 15 000 garment workers yesterday pledged support for the Tucsa-affiliated Garment Workers' Industrial Union in the face of union rivalry that threatens to disrupt the clothing industry

Hundreds of clothing factories in Natal were shut down to enable workers to attend the rally convened by the union to discuss alleged inroads made into its membership by Fosatu-affiliated National Union of Textile Workers and other unions

Most workers were on duty last Saturday at normal rates of pay to get the day off yesterday

The meeting was attended mainly by Indian and black women and unanimously resolved to give the GWIU full support.

It called on the union to use all powers at its disposal, including strike action, to oppose infiltration of rival unions into the garment industry.

GWIU supporters carrying placards denouncing rival unions were applauded as they marched into the crowded sports ground

Banners stated 'Unity is strength — we are happy with our union', and 'Garment workers do not want more than one union'

Opening the meeting, union president Ismail Muckdoom said attempts were being made by other unions to win support although the GWIU had a closed shop agreement with many factories

He said the GWIU had a membership of more than 55 000 workers at 425 clothing factories in Natal.

Since its formation about 50 years ago it had made significant strides in improving wages and working conditions

He said the union was not racially-segregated Its membership was open to all races

The presence of workers at the meeting was a public demonstration of their faith in the GWIU, he said

He claimed that the GWIU was a workers' union and was not affiliated to any political body

General secretary of the union Frankie Hansa told the meeting that attempts were being made to sow division among garment workers by allowing more than one union to represent them

Mercury 13/6/84

Textile industry sees little demand for products in short term

THE textile and clothing industry foresees no increased demand for its products in the short term, but expects some benefit to flow from the adverse balance of payments situation which makes imports more expensive.

In a statement issued to Sapa yesterday, following the mid-year meeting of the Textile and Clothing Advisory Council in Durban, the chairman of the council, Mr Ernest Wilson, said the current adverse economic conditions added up to lower disposable incomes

'We cannot see any grounds for increased demand. On the other hand, the adverse balance of payments situation will make imports that much more expensive and the clothing and textile industries may benefit because it will just not pay to import with the declining value of the rand,' he said.

'High clothing and textile industry activity is developing overseas with the boom which is now begining to spread throughout the Western world'

But in South Africa there were higher public sector salary levels, and some substantial awards by industrial councils of at least 15 percent.

'Income is rising with inflation but disposable income is unlikely to rise by any more than the difference between inflation and the amount of the awards There does not seem to be a climate of real confidence in any sector, and very few economists are saying that we are going to break through into recovery in the next few months

'One of the problems for the textile industry is that they are pulling back from their export programme in order to meet the demands from the local industry because they lack the confidence to expand capacity But this is the sort of climate we are living in, where we have to do what is expedient rather than what is in the nature of long-term strategic planning'

Outlook

Discussing the outlook for the various sectors of the industry, Mr Wilson said 'On the fibre side we see a picture of high demand and higher prices with perhaps some relief coming in due course on cotton, but wool prices are unlikely to drop For synthetic fibres there is a stronger demand and more stable pricing policies

'As far as woven fabrics are concerned the cotton producers feel that trading conditions are better by as much as 30 percent compared with 1983 Orders are good for three months ahead but there is some apprehension that the improvement might not be sustained The demand for worsteds is very strong compared with a year ago

'The knitting industry has an improved outlook for the next three months The clothing industry is showing some improvement. Some factories are well booked up but there is a feeling that the higher demand will not be sustained.

Retailers

'The small retailers are suffering in a very lean period and they are feeling that the whole basis of the small retailer is being threatened

'The major retail chains are showing a more positive attitude than 12 months ago but the outlook is one of restrained optimism with limited growth in the clothing sector in real terms

'On the wholesale side there is some improved trading but there is no sustaining influence that can be seen,' Mr Wilson said — (Sapa)

Business Day RDM 13/6/84 184 ~~77~~

Expensive imports may help clothing industry

DURBAN. — The textile and clothing industry foresees no increased demand for its products in the short term but expects some benefit to flow from the adverse balance of payments situation which makes imports more expensive

In a statement issued yesterday, after the mid-year meeting of the Textile and Clothing Advisory Council in Durban, the chairman, Mr Ernest Wilson, said the current adverse economic conditions added up to lower disposable incomes

"We cannot see any grounds for increased demand On the other hand, the adverse balance of payments situation will make imports that much more expensive and the clothing and textile industries may benefit because it will just not pay to import with the declining value of the rand," he said.

"High clothing and textile industry activity is developing overseas with the boom which is now begining to spread throughout the Western world"

But in SA there were higher public sector salary levels and some substantial awards by industrial councils of at least 15%.

"Income is rising with inflation, but disposable income is unlikely to rise by any more than the difference between inflation and the amount of the awards

"There does not seem to be a climate of real confidence in any sector and very few economists are saying that we are going to break through into recovery in the next few months," Mr Wilson said

"One of the problems for the textile industry is that they are pulling back from their export programme to meet the demands from the local industry because they lack the confidence to expand capacity. But this is the sort of climate we are living in where we have to do what is expedient rather than what is in the nature of long-term strategic planning"

Discussing the outlook for the various sectors of the industry, Mr Wilson said "On the fibre side we see a picture of high demand and higher prices with perhaps some relief coming in due course on cotton, but wool prices are unlikely to drop

"For synthetic fibres there is a stronger demand and more stable pricing policies As far as woven fabrics are concerned the cotton producers feel that trading conditions are better by as much as 30% compared with 1983

"Orders are good for three months ahead but there is some apprehension that the improvement might not be sustained The demand for worsteds is very strong compared with a year ago

The knitting industry had an improved outlook for the next three months, while the clothing industry was showing some signs of improvement

"The small retailers are suffering in a very lean period and they are feeling that the whole basis of the small retailer is being threatened. The major retail chains are showing a more positive attitude than 12 months ago but the outlook is one of restrained optimism with limited growth in the clothing sector in real terms"

The wholesale side showed improving trading but no sustaining influence could be seen, Mr Wilson added — Sapa

Mercury 14/6/84 (184)

Court told of union dispute on shop floor

Labour Reporter

HOSTILITY was growing among workers in the garment industry and chances were that officials of the Tucsa-affiliated Garment Workers' Industrial Union might be assaulted if they went into factories, an Industrial Court sitting in Durban was told yesterday.

This was said in evidence by Mr Johnny Copelyn, general secretary of the Fosatu-affiliated National Union of Textile Workers, in support of an appeal by the union for membership on the Industrial Council of which GWIU is a party.

Petition

The union, which had earlier been refused membership on the council, is appealing to the Court for an order to grant membership to the council or exempt its members from a closed shop agreement reached between the GWIU and a Natal company, James North (Africa) Ltd.

Under cross-examination by Mr Healton Cheadle, representing NUTW, Mr Copelyn said 80 percent of workers at James North had signed a petition stating that they did not wish to continue being members of GWIU, but were bound in terms of the closed shop agreement.

In spite of the agreement — in terms of which the company may not employ a worker who is not a member of GWIU — NUTW won recognition at the plant after about 80 percent of the workers voted in favour of NUTW in a secret ballot conducted by the company.

Mr Copelyn alleged that GWIU threatened workers with their jobs if they joined NUTW.

The hearing was adjourned to June 15. Mr I A Cockrane appeared for the Industrial Council.

Mercury 18/6/84 (184)

Closed shop appeal seen as a test case

Labour Reporter

THE Industrial Court sitting in Durban has reserved judgment on an appeal by the National Union of Textile Workers to have its members exempted from a closed-shop agreement at a Natal clothing factory, James North (Africa) Ltd, which led to a nine-month-long dispute

The outcome is seen by labour experts as an important test case likely to affect about 45 000 workers in the clothing industry — the majority of whom are members of the Garment Workers Industrial Union.

In terms of the agreement reached between the garment union and some clothing factory owners, no employer who is a party to the agreement may employ a worker who is not a member of that union. The agreement, which has been in force for 47 years, effectively barred rival unions from making inroads into the membership of the Tucsa-affiliated GWIU.

Blocked

The Court was told that the NUTW won recognition at James North after a majority of the workers voted to join the union, although they were legally bound by the closed-shop agreement to be members of the GWIU to which union dues were still being deducted

Mr Halton Cheadle, who represented the textile workers, told the Court that the exemption was being sought specifically in respect of its 219 members at the James North factory.

He claimed that the GWIU had blocked several attempts by the NUTW to have the dispute resolved in a mature way and the situation in the industry had become extremely volatile He said workers should be free to choose which union should represent them.

If the Court refused to grant the relief sought, the company would be faced with the choice of either pulling out of the Industrial Council — in a move to break away from the closed-shop agreement — or face a mass resignation.

A withdrawal from the Industrial Council would also eventually lead to the breaking up of the council and would put an end to collective bargaining at industry level — a move which would weaken the bargaining strength of workers in the industry.

Approval

Opposing the application, Mr A de Kok, for the GWIU, said the NUTW was effectively asking for an ending of the closed-shop agreement — an agreement which had been reached with the approval of all workers in the industry.

'There are really no grounds for why the agreement should be nullified merely because a union, knowing of its existence, elects to move into the industry by obtaining a minuscule measure of support — 219 members out of a labour force of 45 000,' he said.

Mr I H Cochrane, who appeared for the Industrial Council, questioned whether the Court had the power to award costs in the application He said the Industrial Council, which was the first respondent, was obliged to appear before the Court in terms of Section 51 of the Labour Relations Act and it was unfair to expect the council to be called upon to pay costs to any of the parties.

1984 D. Dispatch 22/6/84

SA clothing exports to UK provoke AAM

EAST LONDON — The escalating value of South African fashion imports into Britain — up to £24 million (about R43m) from a low £1,4 million (about R2,5 million) ten years ago — has provoked the Anti-Apartheid Movement in London into launching a new campaign aimed at persuading people not to buy South African goods

A report this month in the London Sunday Times says South African clothing is becoming a standard feature in British fashion stores

Last November, the newspaper reports, Harrods placed its biggest-ever order with a South African supplier — Rex Trueform of Cape Town — for a range of men's and women's wear, including a complete designer collection

According to the London Sunday Times, other leading stores selling garments with "made in South Africa" labels are the Next chain, owned by Hepworth, Austin Reed's Options and Country Casuals, which is part of the Coates-Paton group

Joanne Neicho, for Country Casuals, said. "We don't regard South African fashions as a significant part of our business and we don't particularly promote our South African imports," while Next's Tony Peck said clothes from South Africa represented "only a small proportion of our range, of which 80 per cent is made in the United Kingdom"

But despite this playing down of the South African connection, UK fashion orders make big headlines in the South African press The London Sunday Times quotes, for example, a report last November in the East London Daily Dispatch that clothing and textiles from the Far East had lost popularity in Britain "through not being able to match the South African product for quality and finish"

Prices are competitive too The Johannesburg Financial Mail recently published a table of clothing and textile labour costs showing that at 1,67 dollars per hour South Africa compared well with South Korea (1,53 dollars), Taiwan (1,43 dollars) and Hong Kong (1,45 dollars). The rate in Britain is 5,39 dollars

Harrods, Austin Reed and Country Casuals report their South African goods to be selling well, with no one complaining about their country of origin

Next's managing director, George Davies, told Anti-Apartheid that although he shared its views on apartheid, he had visited his South African suppliers and was "satisfied that workers there were promoted on merit and that no discrimination was practised"

Some retailers are more circumspect Tesco sells tights labelled "made in RSA", admitting it is not immediately recognisable, but adding "The people who are aware will know what it means" — DDR

● The Daily Dispatch report referred to in the London Sunday Times was filed from this newspaper's London office and dealt with the Harrods order with Rex Trueform The reporter in the Daily Dispatch's London office emphasised the quality of South African clothing and textiles and said British outlets now gave preference to South African manufacturers in these lines over those from the Far East — Editor

FM 22/6/84. (178) (184)

METAL INDUSTRIES

Collision course

The Industrial Council for the Iron, Steel, Engineering and Metallurgical Industry has submitted this year's metal agreement to the Minister of Manpower for publication — and has asked him to extend it to non-parties In doing so it has embarked on a collision course with the Metal and Allied Workers' Union (Mawu)

The agreement — which will cover the metal industry's estimated 380 000 workers — incorporates minimum pay rises of 40c/hour and 20c/hour for skilled and unskilled workers respectively It also includes improvements in site workers' allowances and holiday leave bonuses

The council's decision was taken despite the fact that both Mawu and the SA Boilermakers' Society have refused to sign the agreement Both are members of the SA Co-ordinating Council of the International Metalworkers' Federation Another union which originally took the same stand — the Steel, Engineering and Allied Workers' Union — has signed It represents unskilled workers

Mawu reacted to the decision with a stinging attack in which it accused the council and the Steel and Engineering Industries Federation (Seifsa) of displaying contempt for the collective bargaining process A. least one employer expects strikes by Mawu members once the agreement comes into force

Says a Mawu spokesman "The industrial council and Seifsa have yet again shown their cynical contempt for the process of collective bargaining by forwarding an agreement to the Minister which has been rejected by us and the Boilermakers, who are the two largest unions on the council representing unskilled and semi-skilled workers in the metal industry" He says Mawu's paid-up membership is 30 000 — while signed-up membership is considerably higher at 80 000

The Boilermakers' union has indicated that it is in favour of the agreement being published and extended to cover non-parties This seems to be motivated by a desire not to exclude anyone from its benefits, and the fear that some employers will withdraw from the agreement if it is not extended This would endanger the council and its benefit structure

But a union spokesman told the *FM* that it has been decided to refer the question of signing the agreement to its branches The executive committee has recommended that the union should not sign

The spokesman warned that the situation is encouraging racial polarisation in the metal industries which could lead to friction, confrontation and industrial unrest

He told the *FM* "We believe the agreement, as it stands, is unbalanced and does not provide for fair increases in wages throughout the scales Seifsa has said there is an across-the-board increase But the distribution heavily favours the highest-paid workers who are already paid twice or more the basic wage agreed upon The increases provide very little relief for workers at the bottom of the scale"

Although both Mawu and the Boilermakers have refused to sign, the two unions are taking different lines of action with the Boilermakers being far more conciliatory

Business Day

RDM 4/7/84 (184)

Shrinking demand hits clothing and textiles

By PRISCILLA WHYTE

PROFITABILITY of 37 major textile and clothing manufacturers has suffered during the recession because of shrinking demand.

A report by IMR Consultants indicates, however, that conditions in the industries may be improving, with a reversal of the destocking which characterised the past two years, but the outlook for capital investment remains subdued.

Gubb & Inggs, mohair and wool processors, reported a reduction in turnover from R81,2m to R75,2m to June 1983 In the current year, conditions have improved and earnings a share rose from 40,7c to 46,7c in the six months to December 31, 1983

The 1982/1983 year was difficult for the Frame group (Natal Consol Ind Invest, Consol Textile Mills Investment, SA Woollen Mills and Natal Rubber Manufacturers), with reductions in turnover and profits in most trading divisions

In the report, there is a comprehensive section on each of the 37 companies, and it includes short-term future prospects.

A process of rationalisation in the textile and clothing industries appears to be continuing.

Mergers have taken place, such as Dugson Holdings and Dubin Investments being taken over by Seardel Investment Corporation

Groups have also been restructured to cope with the changed conditions

Veka is undergoing a radical restructuring after making a R1,2m loss in 1983 and with no payment of dividends for the past two years.

Its divisions are being reorgansied and certain product lines discontinued.

Employment in the textile industry increased to a peak of about 119 000 in 1982, but dropped to 108 000 in January 1984.

Similarly, employment in clothing peaked at about 116 000 in 1982, and dropped to 112 000 in January 1984.

The decline in demand after 1981 is reflected in capacity utilisation figures, which dropped from 91,6% and 92,8% in 1981 for the textile and clothing industries, to 84,4% and 89,5%, respectively, in November 1983

Growth in the textile industry depends on the real buying power of the domestic private consumer

According to Central Statistical Services, the real growth in private consumption expenditure on clothing and footwear from 1979 to 1983 was 5,3% a year, but it declined in 1982 (−1,1%) and 1983 (−5,9%)

Similarly, on household textiles, furnishings and glassware it showed an average real growth rate of 7,7% from 1979-1983 but was negative in 1982 (−3,3%) and low in 1983 (2,9%).

One of the major problems which confronts the textile industry is the nature of the lag between changes in private consumption expenditure and changes in demand

The lag tends to exaggerate the effects of changes in it and this has given rise to sharp fluctuations in capacity utilisation.

Textile manufacturing has generally alternated between serious excess capacity, such as at present, and difficulties in maintaining adequate supplies to clothing manufacturers

Recent weak market conditions are shown in retail sales of clothing, footwear and textile dealers

These declined by 10,1% in real terms in 1983, after being static in 1982

A cautious attitude prevails because of the recommendations of the Steenkamp Committee regarding the scrapping of quantitative import controls

The expected benefits of greater efficiency and international competitiveness will be realised, but only when the downturn is over.

Recommendations of the Steenkamp Committee were accepted in December with the intention that submissions from the industries should be received in time to implement the recommendations by this month.

The effects of the changes proposed by the Steenkamp Committee, in an industry which has become increasingly dependent on a high level of import protection at a time when there has been a reduction in demand, remain to be seen

A greater incidence of closures and reluctance to undertake new capital investment may well be the short-term result.

Capital projects being undertaken include a R30m project by SA Nylon Spinners to produce stabilised polyester yarns, which is scheduled to come on stream by the end of 1984

A R12m plant is being built by Romatex at Pinetown to produce nylon carpet yarn It is scheduled for completion by the end of the year

A R15m project by Natal Nylon Industries in Maritzburg to produce nylon yarn is underway.

Business Day RDM 19/7/84 184

End textile, clothing curbs — Gatt

GENEVA. — Experts of the General Agreement on Tariffs and Trade (Gatt) yesterday released a study calling for an end to special restraints on international trade in textiles and clothing.

Gatt oversees most of the world's commercial exchanges.

The 198-page Gatt study said that, discontinuing the system regulating the multi-billion-dollar trade under the Multi-Fibre Agreement (MFA), would result in accelerated economic growth both in industrial and developing countries

It said liberalisation of the trade after expiry of the MFA in 1985 was likely to lead to more unemployment in the clothing industry of industralised countries

But it suggested that this would be more than offset by an increase in output and employment in other sectors and that "gains from increased international specialisation" would result in faster economic growth

For developing countries, an end to the current restraints would mean a substantial increase in clothing production and exports, a better investment climate and an increase in overall imports from developed countries as a result of economic growth and higher foreign exchange earnings

This would be a "particular crucial factor at the present time for those exporting developing countries suffering from severe debt service or balance-of-payments problems"

Trade in textiles and clothing in 1982 totalled $93bn, or 9% of the overall world trade in manufactured goods

In 1982, according to the study, Hong Kong, Italy, South Korea, Taiwan and West Germany — in that order — were the five principal exporters of clothing, while the US, West Germany, the Soviet Union, Britain and France were the top five importers

In textiles, the top five were West Germany, Japan, Italy, the US and Belgium-Luxembourg for exports, and West Germany, France, Britain, Hong Kong and the US for imports

The study also suggested that the arguments once cited in favour of a special regime in the textile and clothing trade have ceased to be valid.

These included the contention that the challenge presented to industries in Western countries by cheap imports was largely limited to textiles and clothing, and employment and production in those industries was of importance to the countries' overall economic activity

The study said the fundamental issue facing Western trade policy officials was how to respond to the pressures for changes in production and trade patterns linked to economic growth — Sapa-AP three months.

RDM 26/7/84 (184)

R6m CLOTHING FACTORY OPENS IN TRANSKEI

By MIKE JENSEN

A MAJOR clothing factory started production for its Taiwanese owners in Transkei yesterday.

It was opened by President Kaiser Matanzima and will eventually employ about 2 000 people. It has been built by Lien-Fu supply the US fashion market.

Established at a total cost of about R6m, the 3 500m² factory at Ibeka, near Butterworth, already employs 600 Transkeians to meet orders from the US for 35 000 garments a month.

Another 13 500m², costing R4m, is to be added to the factory.

More than 30 Taiwanese have been brought out to oversee the operation set up under the name of Tally as a wholly-owned subsidiary of Lien-Fu.

Mr Robert Lee, chairman and president of Lien-Fu, said yesterday that his company exported $50m worth of clothes a year under the labels of Christian Dior, Pierre Cardin, Sergio Valentia and other well-known designers.

Aside from the decentralisation incentives offered to industries setting up in the homelands, it is thought that Lien-Fu, under the auspices of Tally, will now also be able to circumvent the US ban on imports of certain clothing from the Far East.

US car sales

Mercury 26/7/84 184

Court told of dispute over unionist

Labour Reporter

THE Industrial Council for the clothing industry came under attack at an Industrial Court hearing in Durban yesterday for allegedly failing to resolve a dispute over the sacking of a trade union activist.

The presiding officer, Dr D B Elers, reserved judgment.

Mr Chris Albertyn, who appeared on behalf of Miss Florence Ntuli, who was dismissed by the Natal Overall Manufacturing Company, told the Court that the functions of the council were to endeavour by negotiation or otherwise to settle disputes.

He said it had failed to do so in regard to the dismissal of Miss Ntuli — a member of the Garment Workers' Industrial Union, one of the parties which make up the Industrial Council.

Because of a closed shop agreement with the company, Miss Ntuli is compelled by law to be a member of the GWIU in spite of now having joined a rival trade union — the National Union of Textile Workers.

Arguing for her reinstatement, Mr Albertyn told the hearing that a letter setting out her grievances had been sent to the council, but it had made no genuine attempt to have the dispute resolved.

The matter now fell outside the jurisdiction of the council, he said.

Mr Jeff Fobb, representing the company, said he was not in a position to comment on criticism levelled against the council, but urged the Court not to pass judgment on the application for reinstatement until the company had filed its responding affidavits.

'Not neglect'

He said the delay in submitting the papers was not through neglect. Miss Ntuli's refusal to co-operate by having the dispute resolved by the Industrial Council had led to the company delaying its reply.

Mr Fobb said it was not sufficient to merely write a letter to the council. The council should have been placed in a position to hear the dispute.

The company had agreed to abide by the decision of the council in the interest of good industrial relations, he said.

RDM 26/10/84 (184)

Clothing workers' pay rise

CAPE TOWN — Millions of extra rands will be injected into the economy of the Western Cape over the next two years through pay rises for 62 000 workers in the clothing and knitting industry.

Minimum wage rates will rise from December 13 as a result of a new two-year agreement announced yesterday by Mr Alex Rosenberg, chairman of the industrial council for the Cape clothing industry.

Workers will earn an extra R10-million in higher pay over the first six months of 1985.

Qualified machinists will receive a rise of 15,5% over the first year and further increases in the second year will bring a cumulative hike of 32,7% on current rates.

The new agreement is the result of months of negotiations between the Cape Clothing Manufacturers Association and Cape Knitting Industry Association — representing employers — and the Garment Workers Union (GWU) of the Western Province.

"Thousands earning more than the minimum will benefit as the increases ripple through the industry, affecting all wage-earners," said Mr Rosenberg.

Mr L A Petersen, GWU secretary, said "The wage increase is the biggest yet negotiated." — Sapa.

Wages case: Woman fined

Times 1984 184

31/7/84 Staff Reporter

A 32-YEAR-OLD divorced Sea Point mother was yesterday fined a total of R500 (or 250 days) in the Magistrate's Court for 10 contraventions of the Labour Relations Act.

The contraventions included her failure to pay two employees in full for overtime.

Maria Madeleina D'Oliviera, of Rhone Flats, Regent Road, Sea Point — a director of Bellatrix Investments (Pty) Ltd, trading as Gilliard Creations, of Rose Street, Cape Town — was also convicted, as one of the 10 counts, of failing to pay another employee her wages and pro-rata leave pay on termination of her employment

The magistrate, Mr B Carroll, suspended the entire fine for five years and ordered her to pay the amounts owing to three employees (R152,28) to the Industrial Council for the Clothing Trade by December 1

Register

D'Oliviera was convicted of wrongfully requiring or permitting Kathleen Spielman and Fatima Higgins to work overtime in excess of two hours a day and failing to pay them R25,04 and R28,24 respectively

She also failed to pay Laurel Heuwel her wages and pro-rata leave pay on termination of her employment, resulting in an underpayment of R99, and did not produce on demand to the Industrial Council the firm's wage register

The other counts related to failure to comply with various Industrial Council regulations

Mr Carroll said the court took into account D'Oliviera's financial circumstances

"The offences relating to the non-payment of amounts owing to employees are very serious Most factory workers live just below the breadline and have to budget with what they anticipate they will be paid If they do not receive the amounts due to them, they overspend and end up here in the debtor's court," Mr Carroll said

Mr I Yuille prosecuted Mr J Kudo appeared for D'Oliviera

CISKEI

FM 31/8/84 (184)

Attracting industry

Evidence of an independent homeland's modest success in attracting foreign investors came when the first Israeli factory in Ciskei was opened at Dimbaza on July 26. The firm, Ciskatex, will produce underwear and other garments and will employ 150 people. The venture represents an investment of R1,6m.

Meanwhile, in its annual report for 1984, the Ciskei Peoples Development Bank says that it can now boast of having attracted a cumulative eight-year total of 104 industrial concerns to the territory. Total investment was up 47,9% last year to R275,2m. The vast majority of the new investment came from SA, although businessmen from six other countries are among those capitalising on what has been billed as Africa's most free-enterprise orientated economy

In an effort to add larger concerns to its industrial roster, however, Ciskei will soon offer investors a choice between taking decentralisation concessions or being exempted from company tax. Those firms that opt for the concession will be obliged to pay taxes, after the concession period, until the government has been repaid — thereafter they too will have tax-free status

Industries already established in the Ciskei will have the option of retaining their concessions or of assuming immediate tax-free status.

Despite this latest initiative, the Ciskei economy does not seem likely to thrive in the near future. CPDB projects have created a cumulative total of 19 770 new jobs, compared to Ciskei's economically active population of at least 400 000.

Over 60% of Ciskei's national income is still earned by migrant and commuter workers who are employed in SA.

RDM 24/8/84 (184) ~~13~~

Closed shop unfair, court maintains

Labour Correspondent

A THREAT by a Natal garment workers union to expel workers who join rival unions — which would cost them their jobs — has been thwarted by industrial court action.

The union is the Garment Workers Industrial Union, a member of the Trade Union Council of SA, which has a closed shop agreement in the industry forcing workers to belong to it.

It faces competition from the National Union of Textile Workers, a Federation of SA Trade Unions member, which has recruited most workers at the Pinetown clothing firm, James North Africa, and is recognised by the company.

Workers at the plant must remain members of the GWIU unless they are exempted from the closed shop, but this has not prevented them from joining a rival union as well.

The GWIU, however, reacted to NUTW's campaign at James North by changing its constitution to allow the expulsion of workers who joined a rival union. The closed shop means that expelled workers would also lose their jobs.

It ordered workers who had joined NUTW at James North to appear at an inquiry into whether they belonged to the rival union.

NUTW challenged this in the industrial court, arguing that it was an "unfair labour practice".

The latest issue of Fosatu's newsletter, Fosatu Worker News, reveals that lawyers for the GWIU have now conceded that the threat to expel members for joining a rival "would be seen as an unfair labour practice".

As a result, it says, the GWIU has abandoned attempts to expel NUTW members.

Ciskei gets R6m clothing factory

(184) D. Dispatch 27/8/84

EAST LONDON — The establishment of a R6,3 million clothing factory — the largest foreign industry yet attracted to Ciskei — was announced here yesterday.

The company, Disa Garments (Pty) Ltd, has established its factory at Fort Jackson near Mdantsane

The 9 800 square metre factory is already in production and employs 3 000 workers. The company intends to increase the work force to 5 000 by the end of the year.

The Hong Kong based group has manufacturing facilities around the world and supplies ladies' fashionware to Europe, the United States and Australia

A spokesman for the company, Mr Theo Swart, said that although 95 per cent of the labour force had never worked in industry before, and despite normal teething problems, workers were keen to learn and the company hoped that original estimates could be surpassed

A separate training facility has been established, where groups of 200 trainees are intensively trained for three months before being put into production in the main factory.

"Some 150 Asian instructors have been engaged on a contract basis to train the work force over the next three years and we are optimistic about reaching an annual production level by 1987/88 that will lead to the company increasing its local investment," Mr Swart said

The managing director of the Ciskei People's Development Bank, Mr Frans Meisenholl, said the establishment of Disa Garments represented a significant breakthrough for Ciskei

"It proves that Ciskei can compete with the highly industrialised countries as far as the recruitment of big international companies is concerned It also confirms the confidence of the business world in the viability and potential of Ciskei as a sound location for large investments"

Mr Meisenholl said the company's total production was aimed at the export market, bringing much needed foreign exchange into Ciskei

"Investments of this nature and size go a long way to alleviate the dire need in Ciskei for more and more jobs, which is the major goal the bank has set itself for the short term in its efforts to improve the quality of life of Ciskeians"

The factory will be officially opened by President L L Sebe in November — DDR

CLOTHING INDUSTRY

184

Layoffs loom

Last week's agreement to grant substantial wage increases to the Cape's 62 000 clothing industry workers brings with it mixed blessings. While workers will earn an extra R10m, the cost of the new deal seems certain to lead to increased unemployment in the new year, and will also push up retail prices of clothing by as much as 20%, some industry sources warn.

The new package, rubber-stamped by the Industrial Council for the Clothing Industry (Cape), is seen as "reasonable" by most manufacturers. But the industry is under siege from reduced consumer demand, intense undercutting by Far East producers, and rising production costs Thus, even Garment Workers' Union (GWU) chiefs concede the pay deal could cost some members their jobs, particularly those employed by smaller firms directly in the financial firing line

The agreement, the result of "tough" negotiations between the GWU, the Cape Clothing Manufacturers' Association and the Cape Knitting Industry Association, comes into effect on December 13. Staggered over three years, it means that minimum wages for qualified machinists — who make up the majority of the industry's workforce — will rise by 12,5% to R64/week from December 13 Wages will then increase by 15,5% to R72/week in 1985 and to R77/week from July 1 1986

Consumer will pay

Machinists will receive a cumulative increase of 32,7% in the two years to December 1986 Inclusive is higher termination pay (somewhat appropriate at present) and increased medical aid and provident fund contributions Holiday pay will be calculated at the new rate.

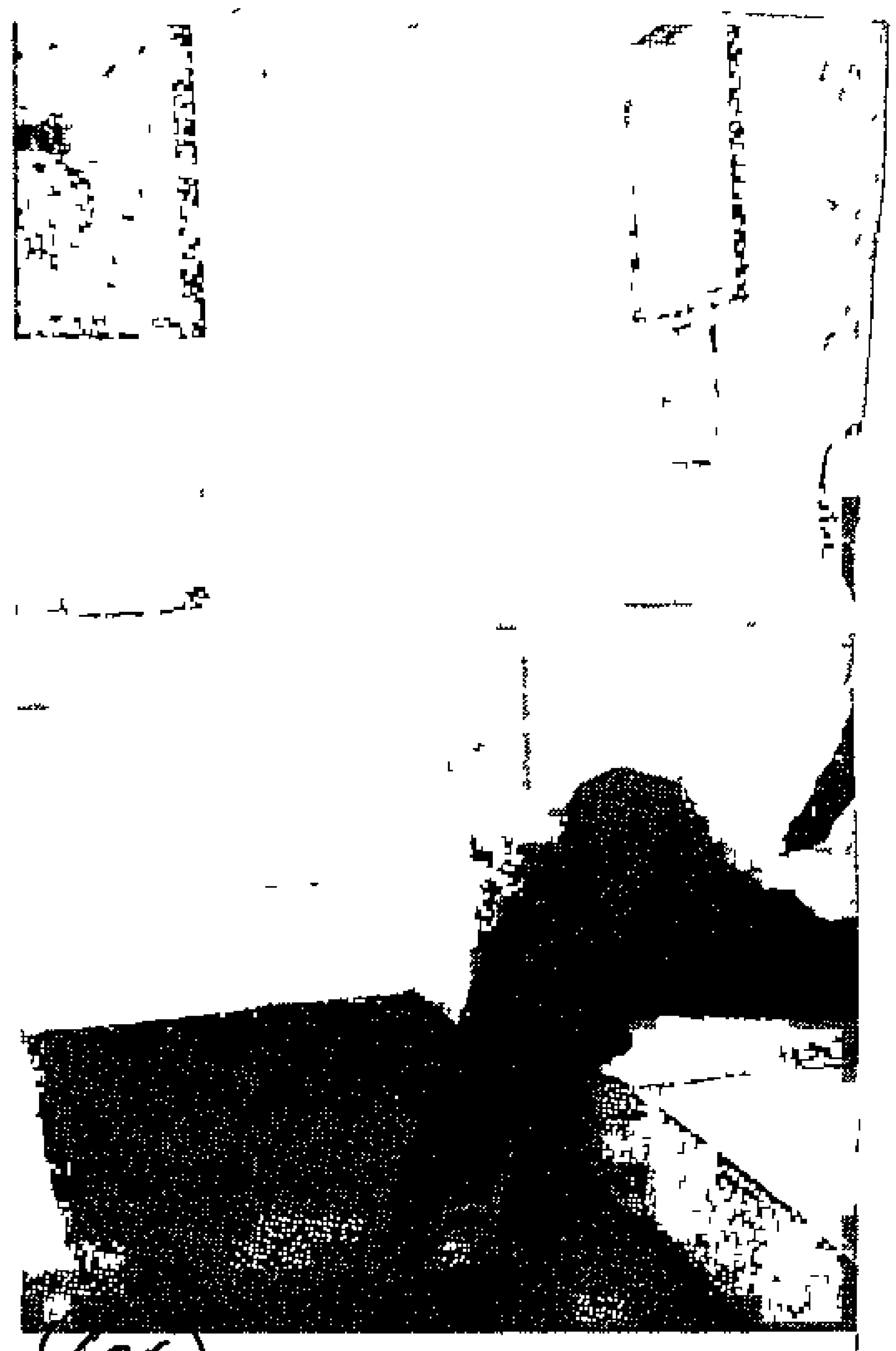
Mike Getz, chairman of the National Clothing Federation, says the agreement may seem high in the present climate. "But it should be seen in the context of the past few years. We have been keeping things on an even keel, and the pattern of wage increases over the past eight years runs between 13% and 15%." In any case, manufacturers accept that wages in the western Cape have been lower than average in recent years and are committed to redressing that imbalance.

On retrenchments, Getz says that is the last thing the industry wants. "But we have made our extremely difficult position quite clear. It's up to the union to take the risks on that. It's a good agreement that comes at a bad time."

Aaron Searll, chairman of Seardel Investment Corporation, a major western Cape manufacturer employing 10 000 staff, says bluntly that the industry will not be able to absorb the cost of the new wage package "It will have to be passed on, ultimately to the consumer," says Searll "It obviously depends on the merchandise, but, taken with the effect of the depreciating rand, I expect clothing prices to increase by an average 20% within a few months."

The other side of the new agreement, say the manufacturers, is higher productivity. SA's clothing industry workers are already rated among the country's most productive by the National Productivity Institute, but their performance has been declining in recent years — by 11,6% between 1982 and 1983, and 12,3% the previous year.

Low productivity is a problem, says Getz "Some 70% of our raw materials are domestically supplied, and unpredictable deliveries are unfortunately part of the



184 Clothing Federation's Getz

FM 2\11\84

lifestyle. We can live with a tolerance of a week or two, but not with a tolerance running into months And then there's the prohibitive cost of imported materials," he says

Companies that are market-orientated and merchandise-led, with inventive and exciting lines, will continue to keep their market share, says Getz "The best safeguard against losing out is to be responsive to consumer trends with short lead times. But there is no doubt that some manufacturing units will suffer in future. And I don't see light ahead, for our industry and the economy as a whole, until 1986-1987," he says.

Clothing industry employers agonized over retrenchments

Cape Times 30/7/84 (184)

From C E McCARTHY, Secretary, Cape Clothing Manufacturers' Association (Cape Town).

CLOTHING manufacturers who recently have had to retrench workers, and this association, representing employers in the clothing industry in general, have read with a sense of disappointment your editorial of July 16 on the clothing industry and its implied criticism to the effect that the trade unions of the workers may not be adequately consulted in retrenchment procedures and that such retrenchments may be undertaken by employers in a manner uncaring as to the social implications for the workers

Nothing is further from the truth on both counts

In an industry as large as the clothing industry is in the Western Cape, employing over 50 000 workers in more than 300 factories, obviously, the odd case will be found which can be criticized To apply the shortcomings of one or two to the industry as a whole, based on the word of one person who is the spokesman for an organization whose credibility as a trade union has not been proven in the industry can be considered as a comment that falls somewhere in the range between uncaring to mischievous, depending on the informed reader's degree of charity

Retrenchments in the clothing industry are new phenomena and virtually all of the employers who have faced this decision have agonized and, indeed, sweated blood, in making their decisions as to who will go and who will stay Bear in mind the retrenchments have not affected factory-floor workers only, senior technicians and executives have been axed as well

Please be assured, clothing manufacturers as employers do work to criteria in deciding on retrenchments, they do consult with the union and they do try to take other action in cutting costs before resorting to retrenchment

Clothing manufacturers, in the main, have not consulted with the Clothing Workers' Union before instituting retrenchments and maybe that rankles with that so-called union's spokesman, whom you quoted and who appears to be the only visible piece of that organization Maybe CLOWU wish to emulate the iceberg and give the impression that like the iceberg only a small portion is visible above the surface and the vast and looming bulk is out of sight, but not to be taken lightly or ignored

For CLOWU to be treated as a trade union by employers and not as a labour front for a political party with radical views, it must be prepared to stand up and be counted and it is just in that department where CLOWU have not been forthcoming — they do not appear to want to be counted Up to now CLOWU have not exhibited any desire to negotiate with this association or employers in general other than after a situation has happened, out of which they consider they can make capital to show that they are "the champions of the downtrodden masses"

In our opinion trade unions and employer organizations exist, on the labour relations plain, in order to take prior action to develop the climate in which subsequent action at plant or individual level can be taken with the least disruption to both employers and employees and their social obligations

Unless CLOWU act like a trade union and indicate their willingness to justify their existence, before situations occur, they cannot expect to be treated like a trade union and their comments, such as taken up by you, can only be read as a comment intended to inflame passions Their tactics are predictable, when aimed at the uninitiated and the uninformed, but are not expected to be supported, without any apparent attempt to check on their validity or justification, by a person whom in the community at large is considered to be a responsible commentator

[Our correspondent appears not to have read our editorial properly Far from making a judgment in the matter it merely drew attention to conflicting views on retrenchment procedure, CLOWU's and the employers', and called for clarity and reassurance on a matter of importance to thousands in this community — Editor, Cape Times]

188 Rdm 9/10/84

Garment workers ready to strike

Mail Correspondent

DURBAN. — More than 50 000 garment workers in Natal could take strike action against low wage increases offered in the year's industrial council negotiations with the Natal Clothing Manufacturer's Association

Mr Frankie Hansa, general secretary of the Garment Workers' Industrial Union, said at a meeting of 500 shop stewards, representing workers from 425 clothing factories in Natal, that management's wage offer was rejected.

"The workers are considering 'various options' if their demands aren't met These include, strike action, go slow, and public meetings to focus attention on their low wages," he said

He said the workers were sticking to their demand for increases of between 58% and 177%

Negotiations were still taking place with the NCMA and it was hoped that it would reconsider increasing its offer.

Mr Richard Savage, chairman of the NCMA, warned that strike action would be unlawful

"The action would be illegal while the Industrial Council agreement is still in force," he said

Mr Savage described the demand as "absolutely ridiculous," and said the employers' final offer of between 20% and 25% was the best in view of the current economic situation

The manufacturers were not prepared to go any higher, he said

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The Natal Mercury, Monday, October 15, 1984

Garment workers talk of strike over pay

Labour Reporter

WORKERS in the garment industry are angry over what they call 'paltry' wage increases offered by their employers

Mr Frankie Hansa, general secretary of the Garment Workers' Union, which claims to represent 50 000 workers, said that unless employers increased their offer, the industry would be faced with large-scale industrial unrest.

Mr Hansa's warning comes in the wake of a decision by 500 shop stewards, representing workers from 425 clothing factories in Natal, to reject the employers' offer of increases ranging between 20 percent and 25 percent, effective from next year.

He said the workers had asked for increases of between 58 percent and 100 percent, spread over the next two years

'This may appear to be unrealistic, but monetarywise the increase is reasonable,' he said, adding that employees in grade one and grade two, who made up about 80 percent of the workforce in the industry, were earning between R45 and R55 a week.

'We are asking that the wages of a grade-one employee be increased from R55 a week to R100 a week and, for grade two employees, from R45 a week to R80 a week — the increases being spread over two years '

A shop steward said the management had offered increases of between R11 and R13 a week over the next two years

Mr Hansa said that at a recent shop stewards' meeting, it had been decided to give the union representatives a mandate to make another attempt to get the employers to increase their offer.

If that failed, the workers would consider industrial action.

'They are seriously considering various options if their demands are not met. These include strike action, go-slow and public meetings to focus attention on their low wages,' he said

Mr Richard Savage, chairman of the Natal Clothing Manufacturers' Association, said the demand was 'absolutely ridiculous'. The final offer of between 20 percent and 25 percent was the best in the economic situation.

The manufacturers were not prepared to go any higher, he said. If the offer was not accepted, a deadlock would be declared and the matter would be referred to the Industrial Council

Argus 23/10/84 (184)

Judgment reserved in Textile Workers' Union case

Supreme Court Reporter

JUDGMENT has been reserved in an application for review of an Industrial Court decision relating to stop-order facilities for trade union subscriptions

The application was made by the National Union of Textile Workers (NUTW) and opposed by the Industrial Council for the Cotton Manufacturing Industry (Cape)

The Industrial Court dismissed an appeal by the NUTW against a refusal by the Industrial Council to grant Table Bay Spinners an exemption from the agreement which would allow the company to make stop-order deductions from wages of the NUTW's members

Mr M Brassey, for the NUTW, told the Supreme Court, Cape Town, that the Industrial Council had refused the exemption to protect the council and its members, which included the Textile Workers' Industrial Union but not the NUTW

Mr Justice Vos was sitting with Mr Acting-Justice Berman Mr Brassey was assisted by Miss M A Barker and instructed by Cheadle, Thomson and Haysom Mr J J Gauntlett, instructed by Silberbauers, appeared for the Industrial Council

Natal Mercury, Saturday, October 27, 1984 (184)

Big setback for Natal garment union's pay battle

Labour Reporter

THE battle by more than 50 000 garment workers in Natal for a big wage increase suffered a major setback yesterday when their Cape Town counterparts accepted much lower rises.

Mr Frankie Hansa, general secretary of the Garment Workers' Industrial Union of Natal, said yesterday that his union had requested increases of between 58 percent and 100 percent, spread over the next two years

'Now our fight has been weakened by the 60 000-member Garment Workers' Union (Western Province) settling for a 32,7 percent increase spread over two years,' a union shop steward said

The Natal workers' pay demand has been rejected by the Natal Clothing Manufacturers' Association, which described it as 'absolutely ridiculous' It offered instead rises of between 20 percent and 25 percent, which the workers have rejected

Deadlock

The workers are threatening to resort to industrial action if their demands are not met, but a series of meetings between the union and the employer organisation has so far failed to reach agreement A further meeting will be held on November 6

The employers' chairman, Mr Richard Savage, said that if agreement could not be reached a deadlock would be declared and the matter would be referred to the Industrial Council

According to union shop stewards, the management offer represented increases of between R11 and R13 a week over the next two years.

The union was asking for minimum wages of qualified machinists, who make up the bulk of the industry's workforce, to be increased from R55 a week to R100 a week and for grade two employees to be increased from R45 a week to R80 a week, spread over two years.

The shop stewards said that 80 percent of the workforce in the industry were at present earning between R45 and R55 a week.

In terms of an agreement announced yesterday by the Industrial Council for the Clothing Industry (Cape), minimum wages of qualified machinists would rise to R64 a week from December 13 — a 12,5 percent increase

In 1985, their wages would rise to R72 and on July 1, 1986 to R77 a week. In the two years to December 1986, machinists would receive a cumulative increase of 32,7 percent — of which 15,5 percent would be paid in 1985.

CLOTHING

Patching up

FM 9/11/84

(184)

Clothing giant Rex Trueform's ~~loss~~ of future export trade with the British Hepworths group — worth R14m in annual turnover — could hardly have come at a worse time It follows what Rex chairman Stewart Shub calls a "disappointing year" for the company, and occurs in the middle of one of the roughest patches SA's clothing industry has experienced.

Cape Town-based Rex is understandably putting on its best face The ending of the association with Hepworths was a "joint decision" which Rex saw coming, Shub tells the *FM*. "We thus had the time to prepare ourselves to absorb the loss, firstly by seeking new export markets and also, if necessary, by taking up the slack on the domestic market," he says.

But he admits the loss is a setback. "It's a fair chunk of our export turnover," he says. Indeed, exports have been the saving grace for SA's biggest men's tailoring concern in recent months. Shub reported a 70% increase in export sales when he released the company's financial results in October, and said these prevented a "disappointing year from being worse." Rex's gross profits dropped from R9m to R4m, which puts the loss of the Hepworths deal in perspective.

Not political

It is still not clear precisely what is behind the collapse of the deal. Both Shub and George Davies, head of the Hepworths group, deny claims by the Anti-Apartheid Movement (AAM) in London that the decision was political. "We have both said we do not consider political factors to be central," says Shub. "It was a straightforward commercial decision Obviously I am not prepared to discuss the confidential details."

Shub says that Rex will continue to supply garments which have already been ordered by Hepworths, thereafter there will be no fresh orders. "We are in an advanced stage of negotiation with other export markets Things look very promising, but one can never take anything for granted," he says.

The new season runs from July 1985 to December 1985, which means Rex has time to seek alternative outlets. But despite promising negotiations, the loss of Hepworths business is likely to result in a short-term drop in exports for Rex That turnover, says Shub, must simply be lost, or absorbed by the domestic market.

That is easier said than done. Shub said last month that he saw little hope for improvement in international business conditions and a slim chance of immediate domestic gains. Indeed, domestic demand has plummeted and the chances of Rex substantially increasing its already significant local market share seem slim.

Coupled to this slump in demand, higher raw material costs and the ravages of the dollar, is the new pay deal for Cape clothing workers announced last month, which will further trim margins and, industry leaders have warned, could lead to layoffs.

Shub says the Hepworths business loss is unlikely to lead directly to retrenchments at Rex. "If it does, they will be of a relatively minor nature," he says.

Ciskei factory to be opened today

D. Dispatch 14/11/84

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EAST LONDON — President Lennox Sebe will officially open the Disa Garments factory in the Fort Jackson industrial estate at Mdantsane today.

The managing director of the Ciskei People's Development Bank, Mr F S Meisenholl, said yesterday that the factory was the largest industrial undertaking yet established in Ciskei in association with the bank.

The factory has been established by a Hong Kong-based international consortium in a building erected by the bank.

It employs more than 3 500 people in the manufacturing of women's garments solely for the export market and has been in operation since May — DDR

Argus 14/11/84 (184) ~~335~~

Clothing industry faces loss of jobs, Jocum warns

THE Cape clothing industry and its 61 600 employees face short time and unemployment in the second quarter of next year if the prime rate of 25 percent is not reduced "dramatically and soon," says Mr Simon Jocum, chairman of the Cape Clothing Manufacturers Association

Mr Jocum told the association's annual meeting in Cape Town last night retailers were over-reacting to the economic situation by cutting back budgets drastically

Business could get worse before it got better

"However, should the Government react soon and positively, we shall see a revitalisation of the clothing industry in the third and fourth quarters of next year and we will be hard put to cope with the demand for our product"

PLAN FOR UPTURN

A plan for the upturn should be prepared now and he suggested the Government should.

- Set an example in fighting inflation by cutting its spending
- Reduce the prime rate
- Reduce duties on imported textiles if local textile factories could not deliver within a reasonable time

In the past year the clothing industry had performed extremely well and bookings were pretty firm until the first quarter of 1985

"This is because of our competitive nature and the low inflation rate of clothing prices Retailers and consumers have benefited from our increased productivity and efficiencies"

Defending the new 16 percent pay rise, with another 16 percent at the end of next year, Mr Jocum said "I believe the wage agreement to be fair, reasonable and reponsible

"The cost of training is high. The cost of losing skilled workers to other industries is even higher."

Factories selling credit, not clothing — Jocum

Argus 17/11/84

(184)

By TOM HOOD

FIERCE competition has forced some clothing companies to offer retailers as long as eight months credit before they pay for goods

"This is highly dangerous and it could put people out of business next year," warns Mr Simon Jocum, who was re-elected chairman of the Cape Clothing Manufacturers' Association this week

Mr Jocum said the time had come for management in the industry to look at itself more closely

"No longer can we afford to sell on extended credit terms"

In the rest of the world 30 days net or at the most 60 days net was the accepted norm.

At their peril

"Here in South Africa too many factories are selling credit and not clothing. With interest rates as high as they are today, they do so at their peril

"We have no right to do business with those who do not pay within reasonable periods This promotes false business hopes and only adds to the mountain of costs

"The difference between a profit and loss is the interest factor and I urge manufacturers to rethink their credit policies and they will be surprised at how more competitive they can become"

When interest rates stood at 10 percent nobody worried about the cost of credit. Today, at 25 percent, interest could wipe out profits.

Unfortunately, many firms that were strong in marketing were happy as long as they were writing up orders

But competition was so keen that some firms were selling credit, a sign of chasing business, and offering as much as 240 days

The industry, in line with the economy, would be going through a very tough time.

So far the industry had performed well and bookings were pretty firm until the first quarter of next year

Growth potential

"This is because of our competitive nature and the low inflation rate of clothing prices The retailers and the consumer have benefited from our increased productivity and efficiencies.

"True we don't show much in profits and return on capital but there is still a great growth potential in our industry"

Clothing was still the consumer's best buy in terms of value for the rand.

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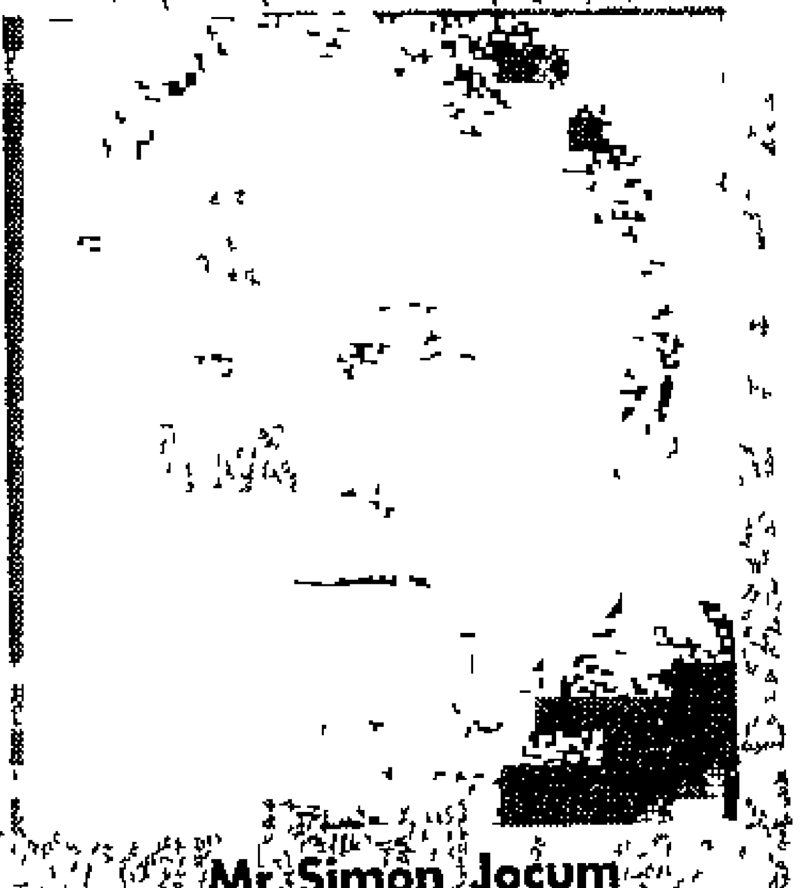

Mr Simon Jocum

P.T.O.

Business Day/INDUSTRY

RDM 26/11/84 (184)

Garment trade chiefs in heated exchange

By DAVID FURLONGER
Industrial Editor

THE clothing industry boss, Mr Mike Getz, has been accused of seeking a confrontation with textile manufacturers.

The accusation was made at the weekend by Mr Dick Payn, the vice-president of the Textile Federation

He was reacting to comments by Mr Getz, the president of the National Clothing Federation (NCF), at its annual meeting in Durban

Mr Getz said unreliable deliveries of woven goods had led to a "calamitous situation".

"Our industry is plagued by unreliable performances, protracted deliveries and unheard-of lead times."

He accused suppliers of making no effort to correct the situation and of using import protection barriers to maintain shortages and high prices

"Protection should not be a licence for unreliability, inconsistent quality, poor service and poor delivery"

Mr Payn replied "It is unfortunate that the president of the NCF has chosen this time to attempt to cause a confrontation with the textile industry

"It is the more unfortunate because it comes at a time when relations between the two industries in the last three years have been much more harmonious than previously."

Mr Payn said the textile industry had short-term commitments to customers who had placed orders before the recent fall in the rand

"Perhaps it is those clothing manufacturers who were previously importing fabric, but now find it too expensive, who are the ones complaining about not being able to get fabric to meet their short-term needs"

He questioned the suggestion that South African clothing was now more expensive than foreign goods

"How can this be when the rand has devalued so drastically during the last six months? In some cases, overseas goods are cheaper, but they are less so now than before.

"It is a fact that South African textile producers are competitive with a variety of products in overseas markets and many are now building up a regular business in the export field"

In spite of this, some South African clothing manufacturers continued to buy overseas goods, which were both more expensive and of suspect quality

Pleading for co-operation between the clothing and textile industries, Mr Payn said "The name of the game at the moment is survival. It is no good starting a war of words that no one will win"

Garment workers get rise

Labour Reporter

THOUSANDS of clothing factory workers are to get a 32 percent wage increase spread over the next two years in terms of a new agreement concluded after six months of negotiations, it was disclosed yesterday

While shop stewards of the Tucsa-affiliated 55 000-member Garment Workers' Industrial Union said the workers were disappointed with the increase, Natal Clothing Manufacturers Association chairman Richard Savage told the Mercury that the increase was 'far higher than any other industry has granted its workers'

Union spokesmen pointed out that although the percentage increase appeared to be high, it represented pay rises of between R16 and R19 per week over the next two years

In terms of the agreement, minimum wages of qualified machinists — who make up the bulk of the industry's workforce — would rise to R65,50 a week from January 1 — a 19 percent increase In January, 1986, their wages would rise to R74,50 per week — giving them a cumulative increase of 32 percent over the two years

Weekly wages of Grade 2 employees will be increased from R45 to R53,50 from January 1, rising to R61 in January the following year

Mr Frankie Hansa, secretary of the union, said the agreement had been concluded after 12 meetings between representatives of the union and the NCMA at Industrial Council level

'It was tough going throughout the negotiations The employers refused to accept our recommendations for increases of between 58 percent and 100 percent They adopted a take-it-or-leave-it attitude,' he said

Mr Hansa said about 1 000 shop stewards, representing more than 55 000 clothing factory employees, had met at the weekend and had expressed 'bitter disappointment over the increase

Workers said the increase was not sufficient to absorb increased rentals, higher electricity charges and increased bus fares which would come into effect next year

The union had asked that minimum wages of qualified machinists be increased from R55 a week to R100 a week and for Grade 2 employees to be increased from R45 a week to R80 a week, spread over two years

CLOTHING EXPORTS

Tru to form

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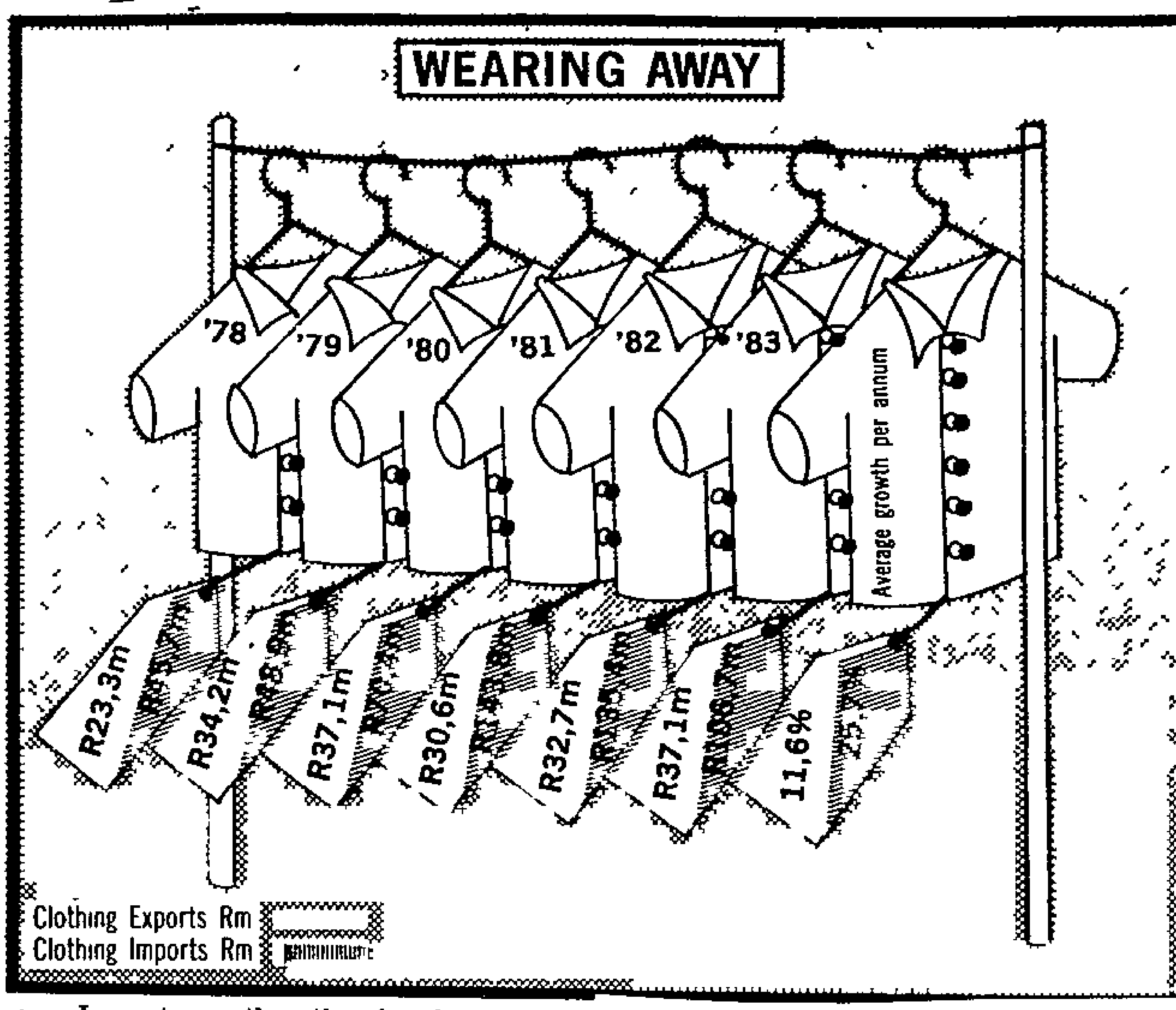
FM 13/7/84

Government urges that exports are the remedy for the economy's ills. But not all industry leaders are convinced that a weak rand is going to be a boon for an export-led recovery.



Mike Getz, President of the National Clothing Federation (NCF), the employers' organisation, says there is no evidence that SA is intent on exporting manufactured products, including fashions.

Rather, he tells the *FM*, there is continuing evidence SA's chosen foreign trade priorities are dictated by "rainfall and the price of gold" — a tendency which has wasted market opportunities and eroded market share for many SA-made goods

"Ironically our dependence on traditional exports has increased," says Getz.

"Changes in the world economy set alarm bells ringing for SA at least 10 years ago Those bells are now being heard as though for the first time I have no doubt SA will recover its position in world trade, eventually, because it has to.

"But it will depend on South Africans becoming more insistent that the planning and resources are diverted towards growth markets — away from the familiar and comfortable terrain of traditional commodities, precious or otherwise

"The problem is that there are too many players in the game The Department of Industries, Commerce and Tourism, which looks after the manufacturing sector, faces pressures from Mineral and Energy Affairs and agriculture. Both appear to have considerably more clout politically or otherwise at their disposal than sectors of manufacturing."

No strategy

Getz says this illustrates that the Department of Finance, which should be the ultimate monitor of activities in these areas, is not possibly as effective as it might be This is because there is clearly a lack of a sufficiently comprehensive national strategy for using exports of manufactured goods to help SA's balance of payments situation, not to mention its socio-economic problems.

He believes that current and projected taxation measures on the horizon (payroll tax), will place further unacceptable burdens on the already over-legislated and taxed manufacturing sector, especially those parts of industry which are labour intensive, such as clothing, and negate any benefits of the weak rand

Clothing manufacturers are clearly out to test government, having recently extracted from the Minister of Industry, Commerce and Tourism, Dawie de Villiers, an undertaking that he will consider tailoring a package of export benefits to suit them in return for greater industry export effort.

Fashion exports over the period 1978-83 have grown from R23,3m to R37,1m, at an average annual rate of 11,6%. Meanwhile, imports over the period have been growing at an average annual rate of 16%, reaching R106,7m last year.

Exports of textiles and clothing in the first four months of this year, totalling R236m, are 40% up on the same period last year Imports, on the other hand, are 70% up on January to April period in 1983 at R334m

Surprisingly, British imports of SA fashions are now worth about £24m a year, almost double what they were in 1983. Last November Harrods placed its biggest-ever order with supplier — Rex Trueform of Cape Town — for a range of men's and women's wear, including a complete designer range.

The company is thought to have about 80% of SA's clothing exports to the UK It is also in the Canadian and West German markets, having lately entered the Australian market

Business Day RDM 14/12/84 (184)

Clothing, textiles hard hit

Financial Reporter

ALMOST 35% of the Credit Guarantee Insurance Corporation's total claims last year have been paid out to companies in the textile and clothing industries.

In its latest bulletin, Credit Notes, the CGIC said an extensive survey had shown that the two industries were being hit by a number of factors to increase their debt levels

These included:

- Declining consumer spending.
- Rising costs from the falling rand, high interest rates and substantial wage increases.
- Local imports flooding the market
- Fierce local and overseas competition

In addition, tensions were mounting between the clothing and textile manufacturers.

"Retailers, battling under the pressures of recession, are requiring smaller volumes per style, greater variety and shorter lead times so their stock turnaround can be improved

"Clothing manufacturers feel that the textile industry is not designed to cater for flexible demand and fear order cancellations as retailers cut back drastically on projected sales due to the drop in consumer spending."

The CGIC said the textile industry found it difficult to cope with smaller volumes and greater variety of designs because these demanded higher overheads, wastages and machine down-time.

"The major problem facing the industries is the increasing competition from clothing and textile imports, which jumped by over 50% in the first quarter of the year compared with the same period last year."

This was mainly due to world overproduction seeking outlets in poorly protected markets such as South Africa's.

The report said it was absolutely necessary for the clothing and textile industries to increase productivity.

"Opinions in the industries indicate the need for Government to provide guidelines to enable them to plan ahead

"There is a need for closer consultation and joint planning among the textile and clothing industry and retailers. Efforts are now being made in this direction."

The CGIC believed that the exchange rate would limit the competition from imports and perhaps allow an export improvement. But there would be no improvement in trading over the next few months, or any significant upturn before the end of the second half of 1985

TRADE UNIONS

(184)

Garment unity move

FM 21/12/84

The first steps have been taken towards consolidating SA's garment workers into a single national trade union The separate Garment Workers Unions in the western Cape, Transvaal, the eastern Cape, and in Kimberley and Kroonstad, have agreed to form a single body which will be based in Cape Town, the centre of the clothing industry

Excluded from the new deal for the moment are the Johannesburg-based National Union of Clothing Workers, with some 20 000 members, and the 50 000-strong Natal region of the Garment Workers' Union

(84) FM 21/12/84

Says Louis Peterson, secretary-general of the Western Province union. "The ultimate aim is a single unified clothing workers union with a national wage, working conditions and benefit structure. But that is still some way down the road"

The Western Province union, with 62 000 members, is the biggest registered union in SA. The new arrangement will bring a further 6 500 members into the fold. No decision has yet been taken on the name of the combined union, says Peterson. The Transvaal union is known as the Garment Workers' Union of SA, but there is some reluctance in the Cape to adopt its name.

Peterson says it is only logical that the new union grouping should have its HQ in Cape Town, "the centre and the birthplace of SA's garment industry" The various unions will all maintain their executive committees and full-time staff, and will continue to run their operations on a regionalised basis. Overall command will be assumed by a central executive council in Cape Town.

The unions now face a number of administrative problems to standardise benefits, quite apart from wage agreements Only funeral benefits are common at present. "There is no way of saying when the new amalgamated union will be operational," says Peterson, "but it will be some time."

Employer spokesmen are at this stage unwilling to comment on the development.

"Labour negotiations are traditionally matters for the different regions," says Mike Getz, president of the National Clothing Federation. "But obviously we will negotiate with whoever legitimately represents the labour force"

FM 14/12/84 (184) (183)

SEIFSA (184) (1844)

Plastics breakaway?

The Plastics Manufacturers' Association of SA (PMA) has been investigating the workability of its position as a member of the employers' association in the National Industrial Council for the Iron, Steel, Engineering and Metallurgical Industry

The investigation was prompted by concern within the PMA about the role of the plastics sector in the council in which metal industry interests are predominant In addition, although many plastics companies fall under the council, some do not Questions have been raised about whether the plastics and metal sectors are similar enough to be covered by the same industrial council agreement There is also some confusion over which parts of the plastics industry fall under the terms and conditions of the council agreement

The investigation is likely to result in the plastics sector playing a more prominent role in the council in the future However, the possibility cannot be ruled out that it might also lead to a breakaway from the council

The council, whose wage agreements cover about 350 000 workers, is the largest industrial council in SA Most of the 45 employer organisations party to the council, including the PMA, are affiliated to the Steel and Engineering Industries Federation of SA (Seifsa) There are 13 registered trade unions also party to the council

Sectors covered by it include automotive parts and manufacturing, electrical, electronics and telecommunications, engineering; ferro-alloys, foundries, iron and steel, manufacturing and plastics The plastics sector is closely allied to the metal sector because of the versatility of its materials

PMA chairman David Uys tells the *FM* that sub-committees of his association have looked into the pros and cons of council membership They have considered the possibilities of conditions of employment being covered by a separate industrial council agreement or a wage determination

Uys points out that the markets and structures of the plastics industry differ in a number of respects from the metal industry The composition of the plastics industry's labour force differs considerably from the metal sector as its factories are more capital intensive and employ fewer artisans Another factor is that economic conditions for the two are not always similar, which means that they have different priorities when it comes to wage negotiations

Seifsa's Van Coller ... a very complex situation

Nevertheless, Uys emphasises that the advantages of membership of the engineering council are considerable and that no move away from it is likely in the foreseeable future One major consideration is that the infrastructure and benefits offered by the council are substantial

In addition, no move would be considered without the agreement of all employers and unions concerned, and it is unlikely that the unions, as well as a number of employers, would agree to it A further obstacle would be that while the PMA is strongly representative of the industry in the Transvaal, it is less representative in Natal and the western Cape

The *FM* understands that the Plastics Industry Group Committee of the industrial council is due to meet next March to discuss the matter The committee will be asked to recommend to the council a suitable and clear definition of the plastics industry so that all companies will know whether or not they are covered by the council's agreement

Uys believes that the PMA has not been sufficiently active within Seifsa, and it intends to "play a greater role in the future" so that the interests of the plastics industry are better catered for

Seifsa director Sam van Coller says the situation is very complex and it will take a great deal of discussion before it is sorted out He adds "Seifsa itself doesn't have a view and it is up to the employers and the unions in the plastics sector to decide on their future direction "