

# MANUFACTURING - CLOTHING

1985





ARGUS 17/12/85 (184) (223) (246) (263)

# Clothing federation chief sees State rethink on industrial council system

**TOM HOOD**

THE resources of the clothing industry were strained this year to accommodate a number of business failures which left many workers unpaid, says Mr Mike Getz, president of the National Clothing Federation

In almost every case the industrial council system was effective in ensuring that employees suffered no loss, he says in his annual report.

"We noted again the sometimes unthinking approach of the Government when the Department of Manpower decided that the time had come to threaten the existence of the industrial council system

"Widespread concern led to consultations, resulting in some indications that there have been second thoughts"

Unions in the industry were using their muscle to ensure that grievances and retrenchments were dealt with in the spirit and the letter of required procedures

"Emerging and rival factions have tried to establish themselves at the expense of existing unions. On the whole this has failed

"In some cases union members did not attach credibility to the newcomers and in others it was not really more effective trade unionism that was the issue"

The clothing industry

shrunk considerably with thousands of jobs lost and a growing number of factories shutting. Employment fell to 110 000, well below that of 1980 and output declined to near-1978 levels

## SERVICES LEVY

The Government appeared to have a genius for doing the things most likely to reduce jobs

The controversial regional services levy was particularly designed to hit the employers of labour hardest and no amount of debate could persuade those concerned to think again

The Government did not appear to be able to re-access priorities under conditions of change and re-allocate priorities

"It seems unable to make appropriate decisions and impose the necessary discipline but chooses rather to tax more and more jobs out of existence

## WEAK DEMAND

"Under such conditions it is clear that any kind of political reform will be economically toothless. It is a danger we must avoid"

Referring to wage negotiations due to take place next year, Mr Getz said these would occur under conditions

of continuing inflation and weak demand

"It is to be hoped that considerations of common interest, sensitive to difficult prevailing circumstances will not escape the negotiators"

Wage negotiations would be held in a climate of inflation and flat demand. The cries and cries of sanctions and disinvestment were destroying jobs

Prospects for 1986 depended on confidence and demand, which were linked to a return of more stable political and economic conditions

## HIGHER COSTS

Domestic growth was likely to be modest and episodic. Difficult as things were, exports must receive particular priority and considerable unutilised capacity could be kept busy with exports

Intending exporters, however, needed Government encouragement through immediate consideration to the problems of raw material costs to South African manufacturers

For at least 10 years this had led to minimal growth domestically and only a token penetration of foreign markets

A harsh year of recession had been made worse by soaring raw material prices and inopportune Government levies

C. Times

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31/1/85

# 400 lose jobs in Cape this week

AT LEAST 400 Western Cape employees have lost their jobs through retrenchments this week.

Thirty employees have been retrenched by Dions, about 150 have lost their jobs through the closure of a glass factory at Epping following Murray and Roberts' withdrawal from the glass industry, and 200 Western Cape employees

of the OK Bazaars are among the thousand who are being retrenched by the group across the country.

About 200 employees of OK Bazaars in the Cape Province face being laid off on the last-in, first-out principle in a retrenchment scheme announced to staff yesterday.

The employees, who will all have the option of

being retrenched or being laid off, are among 1 051 employed by the store nationally, who face job cuts.

About 200 of these are employees who are taking early retirement or who have already reached retirement age.

As a result of negotiations between the company and union representatives, those who agree to be laid off will receive a guarantee that they will be re-employed on August 7.

They will also be considered first when temporary, part-time or full-time posts become available. The jobs of a further 450 workers nationally are still under negotiation.

● Meanwhile in Natal nearly 2 000 workers have been retrenched during the past two months and hundreds more face the prospect of being axed in coming weeks.

This was confirmed yesterday by Mr Richard Savage, chairman of the Natal Clothing Manufacturers' Association, and Mr Yunus Shaik, a spokesman for the Garment Workers' Industrial Union.

Game Discount World laid off 115 workers from its Durban and Maritzburg stores yesterday and 161 OK Bazaars workers in Natal will lose their jobs.

Mr Alex Hurter, president of Game, said the retrenchments were at all levels at Game's head office and their Durban and Maritzburg stores but none of the other stores in Johannesburg or Cape Town will be affected.

About 30 workers at the Four Seasons Hotel have been laid off in recent weeks, general manager Mr V Grantham said yesterday.

At James North in Pinetown, about 150 workers face retrenchment at the end of February. Mr Shaik said the company had already informed the union and had called for a meeting to discuss the proposed staff cuts.

Commenting on clothing-industry layoffs, Mr Shaik said last night that the rate at which people were losing their jobs was frightening. — Sapa Own Correspondent and Staff Reporter

## Unrest flares again at Free State schools

Own Correspondent

JOHANNESBURG. — Two more Free State townships have been hit by school boycotts and unrest flared again yesterday in Bothaville when youths set up road blockades and damaged two police vehicles and a delivery truck.

Police used tearsmoke to disperse a group of about 600 Bothaville youths who threatened to set fire to policemen's homes in the township, a police spokesman said.

Chaos also erupted at a secondary school in Virginia after pupils met the vice-principal and handed him a list of grievances.

Pupils then stoned the school and police used tearsmoke to disperse them, a police spokesman said. At a school in Galashewe, Kimberley, pupils yesterday boycotted classes in solidarity with five former pupils who are to appeal against a conviction.

Following school disturbances in 1980, the pupils were found guilty of malicious damage to property, the regional director for the Free State, Mr N Botha, said.

Meanwhile, the Department of Education and Training has suspended classes at the Nkumbulo High School in KwaThema, Springs, after a week-long boycott during which pupils demanded that their principal be sacked.

## LAUNCH '85

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**CLOTHING INDUSTRY**

**Covering up**

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Prospects for SA's faded denim jeans industry look brighter since the acquisition of Wrangler US's local interests by SA Clothing

Wrangler is the country's biggest denim jeans manufacturer with an annual turnover of around R10m. Company executives deny the decision to sell was linked to the growing disinvestment calls in the US

Fm 18/1185



# Taiwan firms set pace for SA clothing exports

(1184) S. time, 10/2/75

A HANDFUL of Taiwanese clothing manufacturers operating from the Ciskei and Transkei are boosting South African exports

These companies have international associations which give them an entry to foreign markets

Mike Getz, president of the

By Don Robertson

National Clothing Federation (NCF), says clothing industries based in South Africa face a grim future. The domestic market is falling, and the only way to maintain production and staff is to boost exports

For several reasons, how-

ever, "garment exports are declining and the industry is at risk"

Clothing exports between January and September 1984 rocketed by 93% to R49,7-million from R25,7-million in the comparable nine months in 1983

Frank Whitaker, executive director of the NCF, says the main contribution to the increase came from six companies operating from the Ciskei's Dumbaza and Mdantsani, near East London

The ability of these companies to compete on the world market stems from concessions they receive for operating in a border industrial area. Among the concessions is R100 a month from the SA Government for each

employee. The Ciskei firms pay an average wage of about R60 a month, but South African wages are R220 to R240

The border-area companies are also allowed to work three shifts a day

## Uphill

Mr Getz says "I would settle for half the decentralisation benefits they receive"

Without these benefits, South African garment producers face an uphill battle. Mr Getz lists the problems

- Considerably higher inflation than SA's trading partners
  - Interest rates consistently higher than those of competitors
  - A high tax rate
  - The high cost of domestic and imported raw materials
- He says "Export incen-

tives do not compensate for our problems. Exporters require a signal from the Government to spur the export effort and allow us to be competitive"

He concedes that the Ciskeian exports are probably not taking away business from SA manufacturers

## Rising costs

But SA firms need exports if full advantage is to be taken of the economies of scale. The SA industry is worth about R1 500-million at factory level, equivalent to sales of about R3 000-million. Exports make up a small part of output

The South Africa Foreign Trade Organisation is helping the export effort and is offering its services to companies

Stewart Shub, chairman of Rex Trueform, says costs are rising and because of competition, margins are becoming thin. Although Christmas and January sales were good, the outlook for the rest of the year remains bleak

Mr Getz says the industry looks well set until about Easter, "but it is difficult to predict further as the consumer is now buying closer to his needs"



# Wrangler firm sold to SA Clothing

## Own Correspondent

DURBAN. — Blue Bell Wrangler, the Durban-based subsidiary of the giant American clothing company, has been sold to SA Clothing Industries for an undisclosed amount.

Announcing the acquisition of the company, which includes licensing rights, in Durban yesterday, Mr Mervyn Chappel, managing director of SA Clothing, said the former parent company would continue to provide technical advice and marketing information to Blue Bell Wrangler.

His announcement ended four months of discussions between the two companies after Blue Bell said in September that the parent company had decided to employ a new operating approach in South Africa which included selling the company and appointing a licensee or distributor.

Blue Bell denied that the decision had been

influenced by the dramatic drop in demand over the last few years for denims

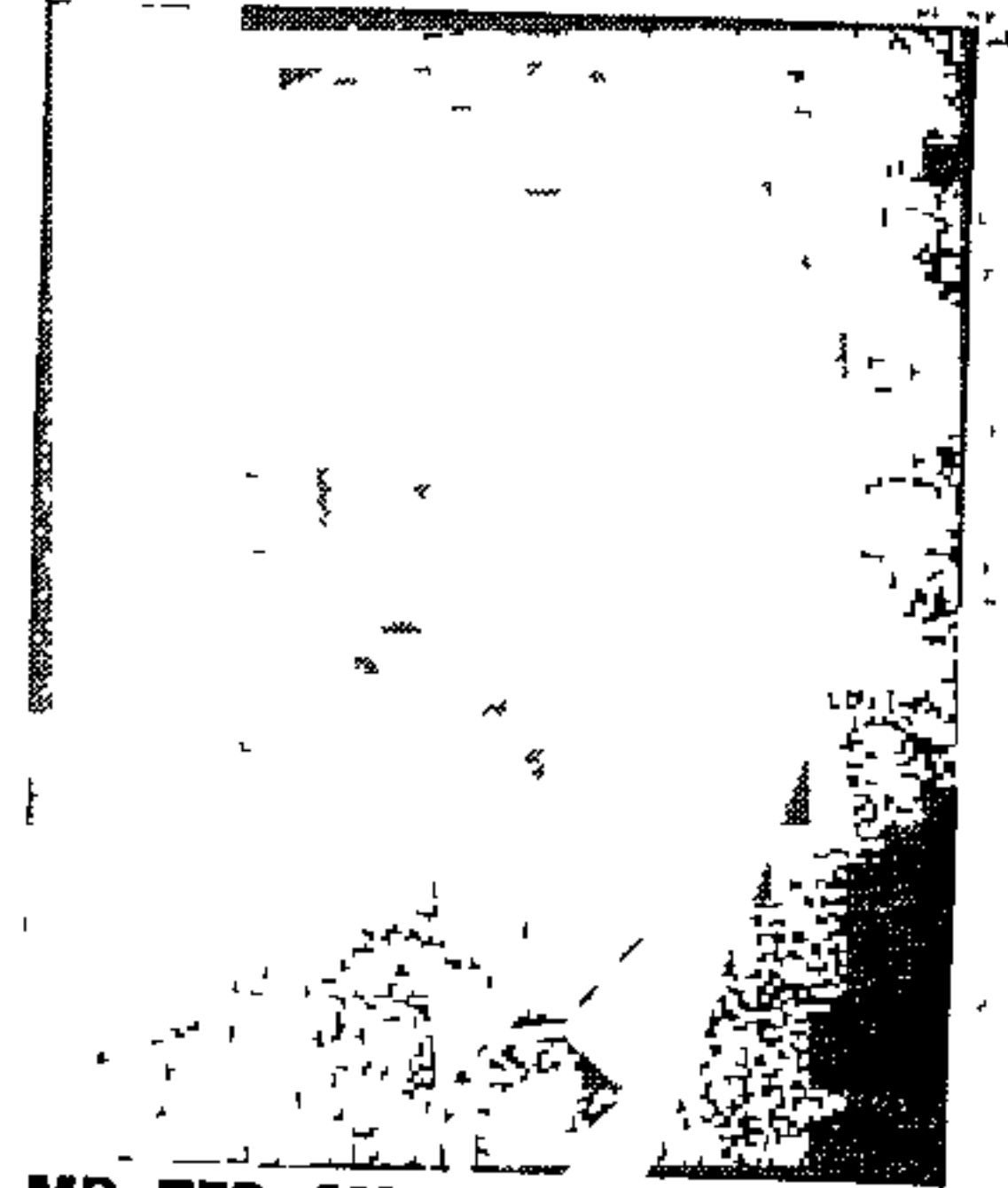
Mr Chappel said the merchandising team of Blue Bell would remain unchanged and the company would continue to operate as a separate subsidiary of SA Clothing

"Marketing and selling arrangements will also not change, but SA Clothing will now provide production and technical services to the company," he said

SA Clothing, a subsidiary of Seardel Investment Corporation, is one of the country's largest manufacturers of men's and women's casual wear.

Mr Ken Duveen, who will continue as managing-director of Blue Bell, said local sales had remained encouraging, "but overseas denim sales have shown quite a revival and we are expecting to show similar growth in the South African market".

Blue Bell has a 20 000m<sup>2</sup> factory at Prospecton, which is owned by Old Mutual, and employs 500 people.



MR TED SMALE has been appointed managing director of AECI.

He joined AECI's sales office in Johannesburg in 1947. He spent three years in Britain as a trainee and several years as a representative for ICI (SA). He was appointed to the board of ICI (SA) in 1966 and to the board of AECI in 1969. He became deputy managing director in January last year. Mr Smale is a former president of the Johannesburg Chamber of Commerce.

2801 26/2/85

# Clothing firms tighten belts

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By PRISCILLA WHYTE

CLOTHING consumption looks like taking a big drop this year.

"In the clothing industry many could be fighting for commercial survival," said Mr Mike Getz, president of the National Clothing Federation.

At the manufacturing level R2bn worth of clothing sales were achieved last year.

An anxious period awaits clothing manufacturers from the end of next month to June when the industry changes production runs to phase in summer output.

"Retailers are telling manufacturers that consumer offtake of summer goods will be later than traditionally," said Mr Getz.

He believed that the drop in consumption of clothing by 7%-10% could "express itself in retrenchment in the clothing manufacturing industry but short-time work is a more

likely alternative".

"Due to the seasonal nature of business, skilled workers will be needed to meet the Christmas peak requirement".

At the beginning of the year there were about 120 000 workers in the industry.

Retailers were also expected to trim stock levels and do everything possible to increase stock turn.

"The prices of raw materials are currently above the inflation rate".

He said wool, cotton and synthetic fibres were dollar-priced commodities and hikes in these raw materials could be as much as 36% this year.

Capacity utilisation in the clothing industry could fall to an uneconomic 80%. This would represent an all-time low.

Capacity utilisation of 92%-95% was a viable level for the clothing industry with the low profit margins peculiar to it.



# Rag trade jobs on the line

DURBAN. — Hundreds more workers in the clothing industry are likely to lose their jobs because of the recession.

The chairman of the Natal Clothing Manufacturers' Association, Mr Richard Savage, said about 2 000 workers, or 5% of the industry, had lost their jobs since November.

"I don't see the position improving unless there is a general upswing in the economy. Things are going to get tough and the worst is still to come. In April more people are likely to lose

their jobs," he warned. He said the best way to avert lay-offs was short-time working. A spokesman for the Industrial Council for the Clothing Industry in Natal could not say how many people had lost jobs in recent months because the figures were still being processed.

He said the council had received only one report of a clothing factory being liquidated. This was last year and 300 workers were affected.

However, the general secretary of the Tucsa-affiliated Garment Workers' Industrial Union, Mr Frankie Hansa, denied the

clothing industry was reaching a critical stage.

"To the best of my knowledge we've been more fortunate than the motor and furniture industries which had to lay off several thousand workers," Mr Hansa said.

"I wonder whether it is not a carefully planned ploy by employers deliberately to paint a gloomy picture to frighten workers from demands for more pay."

Mr Hansa also accused some clothing companies of using the recession as an excuse to get staff to push up productivity levels by setting unreasonable targets. Sapa.

# Brighter outlook seen for Cape clothing industry

w/k ARGUS  
2/3/85  
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By TOM HOOD

MOST of the Cape's clothing factories have come out with their summer ranges and are more optimistic than they were last year, says Cape Clothing Manufacturers Association chairman Mr Simon Jocum.

He said this week employment opportunities were expected to increase in the second half of the year and

employers could again face a shortage of skilled machinists

Almost 60 000 people were employed, fractionally more than a year ago, but about 1 000 down from the December figure

Many workers did not return to the industry after the December holidays each year and this time many were not replaced

There were 411 factories op-

erating, one fewer than a year ago

Some casualties were expected in the coming months, mainly among the small cut, make and trim (CMT) factories, and there could be a drop of another 1 000 in employment in the first half of the year, or less than 2 percent of the labour force

Up to 15 of the smaller factories, mainly CMT sub-contractors, could decide to close

Many factories would work short time to keep their skilled machinists rather than re-trench them

"The Cape industry is better placed in the recession than other centres because it is the home of branded and quality products, being less vulnerable in bad times"

Although there might be a reduction in unit sales in some factories, the industry expected to maintain volume this year.

Retailers' inventories were low, so replenishment of stocks would have to take place in the second half of the year.

Retailers were also promoting sales to keep their volumes. This gave wonderful value to the public and meant greater business for the factories

## Exchange losses

Last year was almost disastrous for many clothing companies because of foreign exchange losses and high interest rates. Profit margins were eroded by vicious competition.

"This year we could see a re-born clothing industry," Mr Jocum said

Factories found it practically impossible to import fabrics because of the weak rand and the local textile industry would be hard pressed to supply.

Retailers who left their buying too late might not be able to get goods because clothing factories had also cut their stocks drastically

## Estate agents fear loss of business

By TOM HOOD  
Property Editor

ESTATE agents are worried about the possibility of building societies starting their own home-selling departments and competing against them

If this happened — as it could, in terms of proposed legislation — the societies could haul in millions of rands in commissions and put many agents out of business

On a R100 000 house sale, for example, a society would earn R4 200 by charging the standard estate agents tariff

Property economist Mr Neville Berkowitz estimates that more than R540-million was earned by estate agents in commissions last year.

Mr Bruce Wilson of Cape Town, vice-president of the Institute of Estate Agents, says the societies, with a new motivation for profits, could use their control over mortgage funds to force home buyers to deal through them

### NEW MONOPOLY

He said in a letter to the Government, commenting on proposed changes in the Building Societies Amendment Bill, there was a danger of a new monopoly, where the money-lender forced the borrower's choice of estate agency. This danger should be prevented before it could occur, he said

The "tremendous increase" in profits of many building societies and the way some are discarding smaller savers in spite of a loss of goodwill, estab-

lishes that they are highly motivated and will not hesitate to use their muscle if it means more profit, says Mr Wilson

"Building societies must not be allowed to indulge in conditional selling so far as the appointment of estate agents is concerned

"With their new emphasis on profits, building societies might be tempted to make their mortgage finance available to estate agents of their choice, including those which they could own

"The power over an applicant using public funds would be contrary to our free enterprise system and the institute wants this practice prohibited either through the Building Societies Act or the Estate Agents Act in the interests of both business and public"



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HUNDREDS of clothing workers are expected to be laid off soon as the industry reels under the effects of the recession.

# Clothing workers face mass sackings

Natal Clothing Manufacturers' Association chairman Richard Savage said about 2 000 workers - five percent of the industry - had lost their jobs since November last year, and prospects were grim

"I don't see the position improving unless there is a general upswing in the economy. Things are going to get tough - and the worst is still to come

"In April more people are likely to lose their jobs," he warned.

He said if short time was introduced, people would at least have a reasonable chance to earn an income.

A spokesman for the

Industrial Council for the Natal clothing industry could not say how many people had lost their jobs recently

The council had received only one report of a clothing factory being liquidated last year - 300 workers were affected

But Frankie Hansa of the Tucsa-affiliated Garment Workers' Industrial Union denied that the clothing industry was reaching a critical stage

**Ciskeians**



# R16m forex loss hits Rex — R7m rights issue

By PAUL DOLD  
Financial Editor

SOUTH AFRICA'S largest menswear manufacturer, blue chip Rex Trueform, has been hit by a R16,3m foreign exchange loss and is passing its dividend for the first time in more than three decades.

The forex loss flowed from the cancellation of an order by a major British store group

The passing of the dividend will come as a shock to shareholders but was clearly prudent after the currency loss Rex is raising R7m through a rights issue to strengthen liquidity

The encouraging feature is that dividends should be resumed in the 1986 financial year and payments will be at the same rate on the enlarged share capital as last year's 55c

Last night, the chairman, Mr Stewart Shub,

said he was fairly confident on the outlook

"Naturally we are very disappointed to have taken this forex knock. But it is manageable and we will be able to finance it. The rights issue is being underwritten by UAL

## Confidence

"African and Overseas (which owns 53 percent of Rex) is following its rights which in itself shows confidence in Rex Trueform. I am hoping that profitability will be restored relatively quickly"

The forex loss was apparently caused by Rex prudently covering its export proceeds but which through the cancellation of the order turned out to be in excess of requirements. The board decided to close the position and take the loss

The forex jolt marred what otherwise would have been a fair performance — certainly at the operating stage where profits at R5 044 000 were slightly ahead of last year



Mr Stewart Shub . . forecasting an early restoration of the profit trend

But higher interest rates — the bill was nearly doubled at R2,2m — knocked net profits from R3,6m to R2,9m. No Tax was payable due to export allowances

Earnings per share before the loss were 21 percent down at 96,9c. Including the abnormal loss, the net loss for the year was R13,5m against the previous R3,6m profit

Mr Shub says that local trading conditions remain difficult with demand weak and interest rates remaining high. Export sales are being

maintained at 1984 levels and provided there is no further weakening of the economy the current year's profits (before the abnormal loss) should be more than those achieved last year

African & Overseas had operating profits of R5,5m (R5,3m)

Interest paid rose from R1,3m to R2,2m leaving taxed profits of R3,1m (R3,8m)

## Earnings

Before the attributable loss from Rex, earnings per share were 69,9c (84c). The bottom line net loss was R6,8m (R2,9m profit)

The dividend is being passed

African & Overseas will raise the R3,7m for the rights issue from existing resources and the proceeds of certain property sales

Comment. Rex has a dominant share of the South African market and the export business has been growing steadily. It is a pity that the group as the country's largest clothing exporter should have had to take this knock through no fault of its own

The shares are likely to remain depressed on the news of the heavy loss and the rights issue but investors should be alert to an eventual upturn in price. Rex produces outstanding products and has first rate management



Sunday 5/2/85

# Many clothing workers laid off

By JOSHUA RABOROKO

HUNDREDS of clothing factory workers have been retrenched in Durban and Transvaal in the wake of growing fears that scores of employees from other industries are on the verge of losing their jobs

According to a spokesman of the Garment Workers' Industrial Union in Natal, more than 2 000 workers from eight factories in the greater Durban area have lost their jobs.

The factories which have closed down are Viola, College Clothing, Roxy Gear, Bluebells, Wranglers, Verona, Richton, Blitz and Club Colours, while another 10 factories face closure.

In another development, Raleigh Cycles, a British company, has laid off 70 workers in terms of an agreement with the United Mining, Metal and Allied Workers' Union of SA (Ummawosa)

Ummawosa's agreement with Raleigh provides for two weeks and a day's severance pay for those who have worked for the company for less than 18 months

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9/3/85

# Garment Workers' Union official hits back

WRITE TO:  
Cape Herald  
Editor's  
Mailbag, P O  
Box 11150,  
Vlaeberg 8018,  
and remember:

- keep it brief;
- the Editor reserves the right to shorten letters.

I WISH to lodge the strongest objection to an article on the front page of the Cape Herald of February 16 entitled "We don't need you any more, 110 told"

The article deals with the retrenchment of 110 workers at Bibette (Pty) Ltd, a clothing factory in Lansdowne

From the headline to the last word there seems a deliberate attempt to convey the impression that the retrenchment took place in an inhumane and uncaring way, and puts both employer and trade union in a bad light

The article is an example of

selective reporting of the worst possible kind

The reporter interviewed both the employer and the Trade Union, who gave her all the facts surrounding the retrenchment including that it was extremely carefully planned to cause the least possible suffering to those involved. None of this was reported. Also completely ignored by the reporter was the fact that many of those employees were immediately employed elsewhere

The following is just one example of how slanted and selective the reporting was,

I am quoted as saying "The number of retrenched at Bibette might seem like a lot from one factory but it is not really a serious thing for the Clothing Industry as a whole"

What I DID say was that the number retrenched at Bibette was not as bad as it seemed, as many of them had been placed in employment and were thus not walking the streets.

In answer to a question as to whether the retrenchments would have a serious effect on the industry, I answered that in the light of the above it would not

I could quote many more

examples, but I think my point has been made.

Retrenchments are sad whichever way you look at them, but when they are done with understanding and care, those effecting them can only be commended. One can only despairingly question the motives of reporters who deliberately ignore the facts and create bad feelings where none actually exist

C E PETERSEN  
Assistant General Secretary  
Garment Workers' Union

● Editor's Comment: The reporter concerned, Estelle Randall, stands by her story.



# Cape clothing industry warned over pay levels

By TOM HOOD

CASH-SQUEEZED employers of Cape clothing workers who underpay their workers or use sick fund and other deductions to finance their business are being threatened with legal action.

The industrial council for the Cape clothing industry has warned it will take offending employers to court.

The 49-year-old council, consisting of 13 employer and 13 worker representatives, fixes wage levels for the 60 000 garment workers in the Cape Town area.

More and more employers are failing to pay the correct minimum wages in terms of the industry's pay agreement, says Mr A M Rosenberg, chairman of the industrial council.

## LAW IS CLEAR

"Employers must ensure that their wage clerks pay the council minimum wages," he says in his annual report.

"In law, the employer is responsible for the actions of his employees and if the council takes a firm to court in connection with underpayment of wages, the employer will have to appear in court.

"The law is clear. Employers are expected to know the law and the agreement. The council will act promptly in cases of underpayment."

Mr Rosenberg says certain employers, when engaging workers, take the wage shown on the previous employer's service record card as the wage at which the employee is engaged.

## R64 A WEEK

For example, R58 a week was the minimum rate for a machinist up to December 12 1984, and an employer paid a machinist R59,50.

But in January a new employer engaged her as a machinist but instead of paying R64 a week, the new minimum wage, he engaged her at R59,50 with the result that she was underpaid.

Other cases that came to light are highlighted by Mr Rosenberg.

- Machinists with more than two and a half years' experience were taken on at R61,25 or R62,95 a week, whereas the minimum rate was R64.

- A worker with one year and 20

days' experience was engaged at the rate for a worker with one year's experience instead of the rate for the first six months of her second year.

- The council served a large wage claim on an employer on behalf of a qualified clerk. The employer told her he was not in a position to pay her the qualified rate and offered her the job at R50 a month less than the monthly wage for a qualified clerk.

## VERY UPSET

The employee was taken on at the lowest negotiated salary.

"The employer was very upset when he received the claim from the council and protested that the employee agreed to work for him at the lower wage. The employer did not realise he was committing an offence.

"These examples may or not be deliberate cases of underpayments, but the council cannot tolerate this situation to continue.

"A small number of employers habitually pay their sick fund and other dues to the council only after the due date and fall into arrears for one month or more.

"These employers do not appreciate that the amounts deducted from the wages of employees are trust funds and cannot be used to finance their businesses. The council will not permit employers to fall into arrears with payments to the council and its funds."

## NO DEFENCE

Defaulting employers are to be prosecuted where they ignore requests for payments for arrear levies and contributions.

Some employers when pressed for payment of arrears said "I have not got the money to pay."

But it is no defence in law to say no funds are available, adds Mr Rosenberg.

"The minority who do not meet their obligations would be well advised to heed the council's warning that they face firm legal action if they default."

- The council is to increase to R1,5-million from R1-million a year the amount it advances in low-interest housing loans to clothing workers from its provident fund.

September 28/3/85



**MRS LUCY MVU-  
BELO** ... her union is  
looking into unfair la-  
bour practice by an  
employer.

## Council may charge boss

By **NKOPANE  
MAKOBANE**

**THE Industrial Council** for the Millinery Industry is considering prosecution against a white employer who terminated long services of three Soweto women without paying them service bonuses.

The employer, Mr Anton Enrhartsman of Marianne French Modes in Rosebank, refuses to pay the women on the grounds that he is not their original employer.

He bought the business from the previous owner, who died about two years ago and the three women continued working for him.

According to the Industrial Council agreement, even though a business can change hands, people employed there are entitled to service bonuses because their service is with the establishment and not the employer.

The women are Ms Florence Mashiane of Diepkloof (employed for 18 years), Ms Margaret Serobo of Meadowlands (25 years) and Ms N Mashiya also of Meadowlands (16 years).

Ms Pam Stein, general secretary of the Industrial Council, said they have given the employer until next week to pay the women four weeks' service bonus each or face prosecution.

She said what was also disturbing in the women's cases was that their union, the National Union of Clothing Workers, had not been consulted when their services were terminated.

A spokesperson of the union said they were seeking legal advice whether the employer's action was an unfair labour practice. The union, he said, felt it was grossly unfair and unjust that the workers, after a long and loyal service, were overlooked when the company changed hands.

Mr Enrhartsman yesterday confirmed he was not prepared to pay the women for the period they were not employed by him. He took over the business only in June last year.



# Sexual harassment at work 'increasing'

*Sowetan - 18/4/85*  
THE use of sexually insulting language and assaults on black women workers by their managers on the factory floor is on the increase and causing concern among trade unionists.

Women workers have claimed that they have been insulted, victimised and harassed by their managers, according to an organiser of National Union of Clothing Workers, Mr Anthol Margolis

He revealed that a garment worker, Ms Nomsa Sekgwan, recently received R120 damages from her employer who had used sexually insulting language towards her

The money was in addition to any other monies owed to the worker by the factory and included holiday pay, wages and other benefits.

The union was prepared to take the matter to court and lay charges against the manager, but an out-of-court settlement was reached between the parties

The settlement was reached after an agreement that,

- the worker agreed to the settlement;
- an official from the union addressed all the workers at the factory and explained the details of the case, and that
- an article be published in the media, and one of the conditions was that the name of the firm should not be mentioned

Mr Margolis warned that in future the union will take a "very serious view" of managers who insult, harass or intimidate workers on the factory floor because these allegations might constitute "an unfair labour practice".

## 200 out of work as clothing plant closes

9661523/4/85 Labour Reporter 184

ALL money owed to the 300 workers who lost their jobs when a major clothing factory in recession-hit Atlantis closed down will be paid, according to spokesmen for the company, the union and the Industrial Council for the clothing industry.

And the clothing industry has suffered another blow with the closure of a Lansdowne clothing plant employing 200 workers. A spokesman for Topstitch Clothing said the factory closed about two weeks ago.

Workers at the Atlantis factory were dismayed when they found that money deducted from their wages for savings and rent had not been paid into their banks or to the Divisional Council's rent office.

But a company spokesman said today that about 80 workers who had had savings deducted would be paid today. Mr Louis Peterson, general secretary of the Garment Workers Union, said arrangements had been made for the rent to be paid.

Representatives of the company, the Industrial Council and the union were today expected to meet the workers who lost their jobs on Friday when Laurence Manufacturers went into liquidation.

According to an Industrial Council spokesman, holiday pay which had been deducted from their wages would be paid soon after final liquidation.



D. Disfelter (184)  
24/4/85  
**Factory under  
judicial control**

**EAST LONDON** — The Altshuler garments factory at Wilsons here has been placed under judicial management after its two directors were arrested in connection with bribery allegations, their attorney, Mr D Maree, confirmed yesterday

The two men, Mr Alan Altshuler and Mr Brian Laden, appeared briefly in the regional court here on April 18

No charges were put to them, and they were not asked to plead

They were released on bail of R5 000 each, on condition that they hand in their passports, report daily to the Fleet Street police station, do not enter the premises of A Altshuler and Co or any warehouse without being accompanied by a customs official or a police officer and do not

interfere with state witnesses

Mrs Muriel Nama, the organiser of the Garment Workers' Union, said workers at the factory had been told by the management to stay at home from Friday until today

She said more than 300 employees were affected

Mrs Nama said according to the agreement with the company, the workers were entitled to their full pay since they did not initiate the stay-away

Up to yesterday, the union had not been informed of the latest developments concerning employees, she said

The layoff could be temporary until the company had sorted out its problems, Mrs Nama said — DDR



Some of the unemployed members of the Garment Workers' Industrial Union present their unemployment cards to a union official in Bolton Hall yesterday to qualify for assistance from the union.

# Garment union to help jobless

## Labour Reporter

A 'HELP U Fund' started by the Garment Workers' Industrial Union to provide relief for its unemployed members is drying up and the union is planning to embark on a further fund-raising drive to counter the effects of unemployment in the garment industry.

Disclosing plans for a new fund yesterday, Mr. Franke Hansa, general secretary of the union, said the previous fund had paid out R123 000 to its members since it had been started in January last year.

The union, an affiliate of the Trade Union Council of South Africa, hopes to raise more than R200 000 in the next six months.

'We hope to achieve this target by getting workers to contribute 20 c each a week.'

With a membership of about 45 000 workers in the garment industry in

the Durban area a weekly contribution of 20 c a worker would bring in an average of R9 000 a week. Over a six month period the fund will have more than R200 000, he said.

He said at present 100 union members who were employed as qualified machinists received 25 percent of their weekly pay which was about R16,37 a week while unqualified staff — cleaners and service hands — received R13,37 a week.

About 150 unemployed union members were currently receiving aid from the union.

'We will continue to provide assistance for a period of three months in which time we will do everything in our power to find them suitable employment,' he said.

The unemployed also qualify for aid from the Department of Manpower's Unemployment Insurance Fund.



(184) FM 26/4/85

### CLOTHING UNIONS

## No Cape connection

A merger between one of the oldest unions in the country — the Garment Workers' Union of SA (GWUSA) — and the National Union of Clothing Workers (NUCW) seems highly probable

Sources within the unions tell the *FM* that the national executive committees, Transvaal branch executive committees and shop stewards' committees have approved of the idea in principle. This makes it likely that union members will endorse the merger at general meetings scheduled for later this week and next week.

This is a surprising development as last year it was announced that GWUSA, which has dwindled in size to the point where it represents few more than 2 000 members, would be merging with its Cape cousin, the Garment Workers' Union of the Western Province (GWUWP). This merger failed to take place at the beginning of this year as scheduled.

### No finality

Commenting in the clothing workers' newspaper, *Garment Worker*, GWUSA general secretary Johanna du Plessis says "We do not know why Cape Town could not finalise its constitution and other arrangements, but our union needed to reach finality



**Anna Scheepers ... did her retirement pave the way?**

on this matter after a year. Now that our sister union, the NUCW, has proposed that our two unions join up we are happy to go back to our original plan of having one union in our industry. We have no dispute with the Cape union and will continue to work in close co-operation with them as we have done in the past."

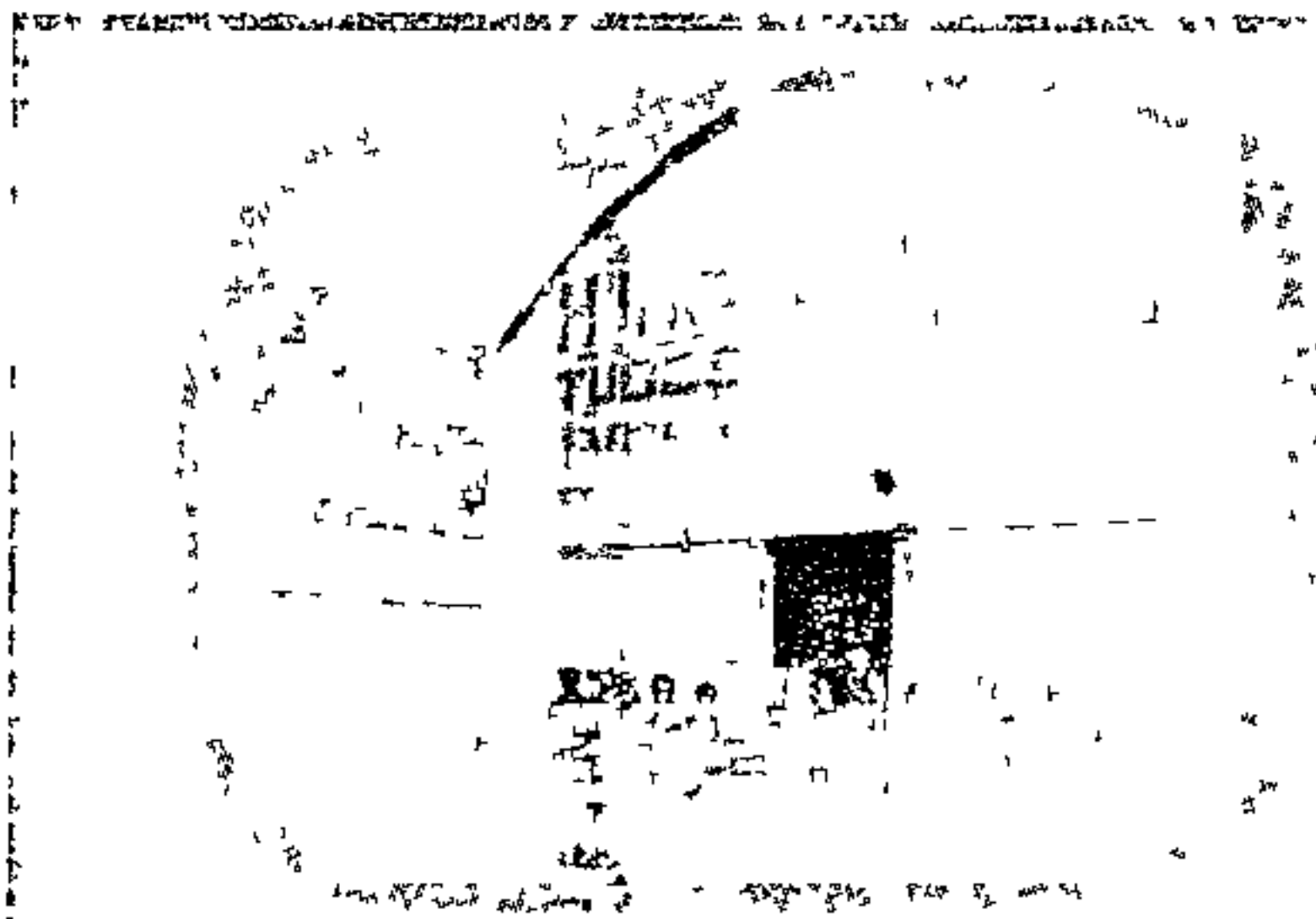
Says Louis Petersen, GWUWP general secretary "If GWUSA wishes to amalgamate with the NUCW, with whom it shares a building, we cannot see anything wrong with it. GWUSA asked us to amalgamate and now it has changed its mind. We have to

make certain amendments to our constitution to admit GWUSA. For this you have to go to a general meeting. It cannot be done overnight."

Petersen says part of the problem is that GWUSA asked his union to buy their building in Johannesburg — Garment Centre — but GWUWP did not want to do so. GWUSA sources, however, say that the sale of the building was never a condition of amalgamation. Despite these developments in the Transvaal branches of GWUSA, Petersen says its PE branch has indicated that it would like to amalgamate with his union.

GWUSA and NUCW once formed a single unit but NUCW had to split away in 1953 when the Native Labour (Settlement of Disputes) Act was passed excluding male and female black workers from the protection offered by the Industrial Conciliation Act (ICA). In August 1980 the unions agreed in principle to amalgamate but the scheme never got off the ground. The reason for this, according to NUCW's Sarah Chitja is that her union, which had been excluded from the ICA for so long, needed time to show its mettle. The situation has now changed, she says, and it has always been policy that the two unions would eventually merge.

It is possible that the retirement of GWUSA's veteran president Anna Scheepers at the end of last year led to a change of sentiment in the union. ■



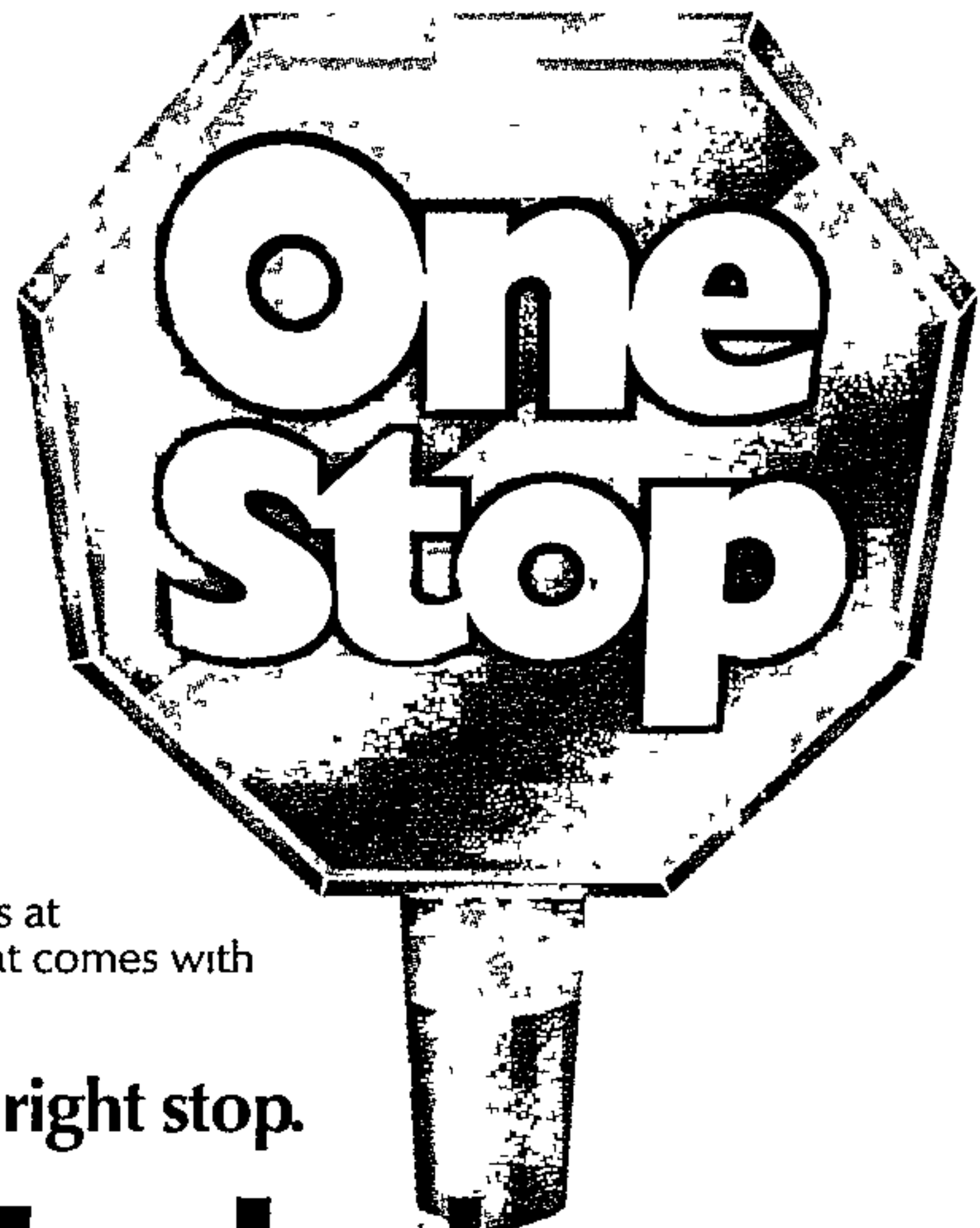
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Shock, Herald

anger 2/1/48

over

Atlantis

factory 194

closure

By

GARY

VAN DYK

WORKERS at Laurence Fashions in Atlantis turned up for work as usual on Friday morning, only to learn that they had become yet further statistics in the Boland town's tale of economic woe. The factory had been closed down and they were without work.

Between 270 and 300 workers were met by closed doors and were eventually told by a manageress who stuck her head out of a window that they could clear their lockers one by one.

The nonplussed workers contacted Mr Noel Williams, chairman of the Atlantis Residents' Association, for help.

He arranged for representatives from the Clothing Workers' Union (Clowu) to meet with the workers, but while they were on their way to Atlantis, the workers were paid off by Mr Cedric Petersen, an official of the Garment Workers Union.

Workers were given two weeks' pay.

#### STRANGE

Some workers alleged that savings had been deducted from the pay. They found this strange because they would no longer be working for the factory and would not need to save in this manner.

Clowu representatives, with delegation of workers, met the factory manager, a Mr Green on Friday.

He said he wasn't the only shareholder in the company and that the major shareholder, a Mr Sher, had telephoned him on Thursday, to tell him to close the factory the next day.

Workers said the closure had been on the cards since the beginning of last week. They alleged that a driver went to collect buttons at a factory in Cape Town last Monday, but was told he couldn't because the factory was due to close down.

#### PREDICAMENT

Most of the workers met on Monday at Atlantis Civic Centre to discuss their predicament with Clowu officials.

Miss Elizabeth Erasmus, a Clowu organiser, said it was disgusting the way people were treated.

"They deserve an explanation and better treatment if the factory is closing down. We are meeting today to discuss how these people are going to pay their rents and keep living here in Atlantis. We will try to answer any other questions workers may have".

Union representatives will meet with the factory management later this week.



THE prices of some clothing next summer could be as much as 45 percent higher than last year, warns Mr P D Jacobson, chief executive of the Durban-based manufacturer, Progress Industries, in his annual report to shareholders

Mainly as a result of the devaluation of the rand, the prices of materials used to make clothing have soared in recent months, and these increases cannot be absorbed by the clothing industry, he reports

"The margins in our industry have always been subjected to intense competition, and it is simply not possible to try and absorb these increases: those manufacturers who have tried have failed, and many have recently fallen by the wayside"

Mr Jacobson says the prices of synthetic materials such as acrylics which are not made in South Africa have risen 60 percent.

Woollen materials, although produced in South Africa, are 50 percent dearer than 15 months ago and goods made from South African cotton are 23 percent more expensive than last year

#### REDUCED SALES VOLUME

This means a steep increase in clothing prices in the stores

Mr Jacobson says that compared with last year retailers are paying between 25 percent and 35 percent more for some of the group's new summer ranges and even 45 percent more in some cases

However, he is not happy about the situation.

The increased clothing prices could lead to reduced sales volume even though the same amount of money was spent on clothing as last year, he warns.

But the devaluation of the rand has brought one benefit. Less clothing, and particularly knitwear, is being imported into South Africa, he says, which could even lead to a shortage of some items

#### COLD WINTER

"Should there be a reasonably cold winter it is extremely unlikely that manufacturers of jerseys will be able to supply the demand"

He reports that 1984 had not been a good year for the group. Taxed profit attributable to ordinary shareholders was more than halved, falling to R420 000, equal to 15c a share, from R1,07-million, equal to 38,1c a share, in 1983

Difficult trading conditions, exacerbated by a five-week illegal strike in August and September, last year, caused the lower earnings

The direct cost of the strike, measured in loss of turnover and fixed overhead costs, was R460 000 and reduced earnings by about 8,2c a share, he says.

However, this was not the full cost of the strike. New workers had to be engaged to replace dismissed employees and they had to be trained with consequential large losses in production.

Also, many orders which could not be met owing to the work stoppage were cancelled. This led to a material increase in stockholdings and necessitated the writing down of stocks by R167 000 compared with R41 000 in 1983

The annual stock turnover figure deteriorated to 4,3 times in 1984 from 6,1 times in 1983 and a target of between 4,75 and 5 times

# Clothing prices likely to soar next summer

BY DEREK TOMMEY  
Financial Editor

AKAS 2/5/85 (184)



**8 000**  
**clothes**  
*B. Day*  
**makers**  
*3/5/85*  
**jobless**

By PRISCILLA WHYTE

SOME 8 000 jobs have been lost in the clothing industry this year and the National Clothing Federation (NCF) is predicting further losses

Mr Mike Getz, president of the NCF, said yesterday he planned to alert the Government that the difficulties of the clothing industry were symptomatic of what was happening in South Africa and would entrench economic stagnation in the country

It was difficult to forecast the future profile of the clothing industry

The future really depended on the role Government intended for manufacturing in South Africa. The most vulnerable companies have been those that were under-capitalised.

Enterprises making basic products and those dependent on one or two customers had also been seriously hampered

Especially hard hit had been cut, make and trim manufacturers, an important sector of the clothing industry.

This area has traditionally provided a quick turn-around in production time. Some 50 000 jobs had been lost in the manufacturing sector since 1980, Mr Getz said.

The retrenchment problem had become worse in 1984, 1985 and the outlook for next year was bleak. Mr Getz said recovery could only take place if there was first an upturn in the general economy

The trend of non-growth in manufacturing generally needed to be reversed and changes were necessary to stabilise industry's opportunities.

There had been no growth in real terms for clothing sales at the retail level since 1980, he said

Mr Getz said the annual turnover of the clothing industry was under R2bn a year, and the NCF had been advised that retail sales would decline by 10% in real terms (inflation adjusted) for 1985

The NCF would be consulting with customers to seek ways and means to alleviate hardship within the industry, as the retail sector adjusted to present and expected conditions

The federation would be discussing problem areas with suppliers such as the sharp rise in the cost of raw materials. Raw material price increases were leading to a steady decline in the consumption of clothing.

Mr P D Jacobson, chief executive of Progress Industries, said in his company's recent annual report that synthetic fibres, which are not produced in South Africa, had increased by 60% in price

Wool, although produced domestically, had risen 50% in rand terms over the last 15 months. Cotton, also grown locally, had risen by 23% compared with last season

At the moment there were serious constraints on this sector, as illustrated by the low rate of investment it has been able to attract and its steady loss of jobs

Art Times 4/5/85  
1844

# Tej lays off 300 workers

By RIAAN DE VILLIERS  
Labour Reporter

ABOUT 300 workers were laid off for three weeks and a smaller but unknown number dismissed at the well-known Tej clothing factory in Steenberg yesterday.

A management spokesman said later that reporters should "rather interview Dr Dawie De Villiers", Minister of Industries Trade and Commerce, on why the factory had been forced to take this step.

He said the clothing industry had been declining since 1982 and was now in a "crisis". He claimed at least one other major employer was considering laying off about 1 000 workers.

A rumoured protest did not materialize and workers streamed in quietly from 1 30pm to receive their last pay. Many expressed apprehension about their future.

Most said they had been laid off for three weeks but several said "We don't believe we're going to get our jobs back."

Mrs Alice Jephtha, a mother of three, said "We are very upset. There is no work. We don't know where we are going to get money."

A spokesman confirm-

ing the steps said the cut-backs were "obviously tragic" but it had become essential to restructure the company to match the economic climate. Numerous other clothing firms had been forced to take similar steps.

"We cannot afford to keep workers sitting with their arms folded," he said. However, the company itself was not threatened.

## Imports

Major reasons for the decline in the clothing industry were the fall of the rand and the fact that many companies were bringing in cheaper clothing and textiles from the Far East, where workers were paid far less than in South Africa.

The recent visit of a Taiwanese delegation received by Dr 'De Villiers "scared the hell out of us", he said.

"If Dr De Villiers wants a free enterprise economy, a lot of people are going to be out of work. If he wants to retain jobs he had better think again."

He added the situation was "very fluid" and management could not determine at this stage whether the workers would get their jobs back in three weeks.

CAPL Times 4/5/85

# 4 000 unemployed in Western Cape clothing industry

By ROBERT GREIG (184)

NEARLY four thousand jobs in the Western Cape's clothing industry have gone because of the recession this year.

The process is continuing and will until South Africa has a comprehensive economic plan which would reverse the decline of the manufacturing sector as a whole, says the president of the National Clothing Federation, Mr Mike Getz

He says more than 8 000 people have lost work in the clothing industry this year. Yesterday Tej laid off 400 workers — estimated to be a quarter of their workforce.

The Bureau for Economic Research, Stellenbosch, predicts 10 per cent unemployment in the clothing industry in 1985 i.e. 11 000

## Forecast

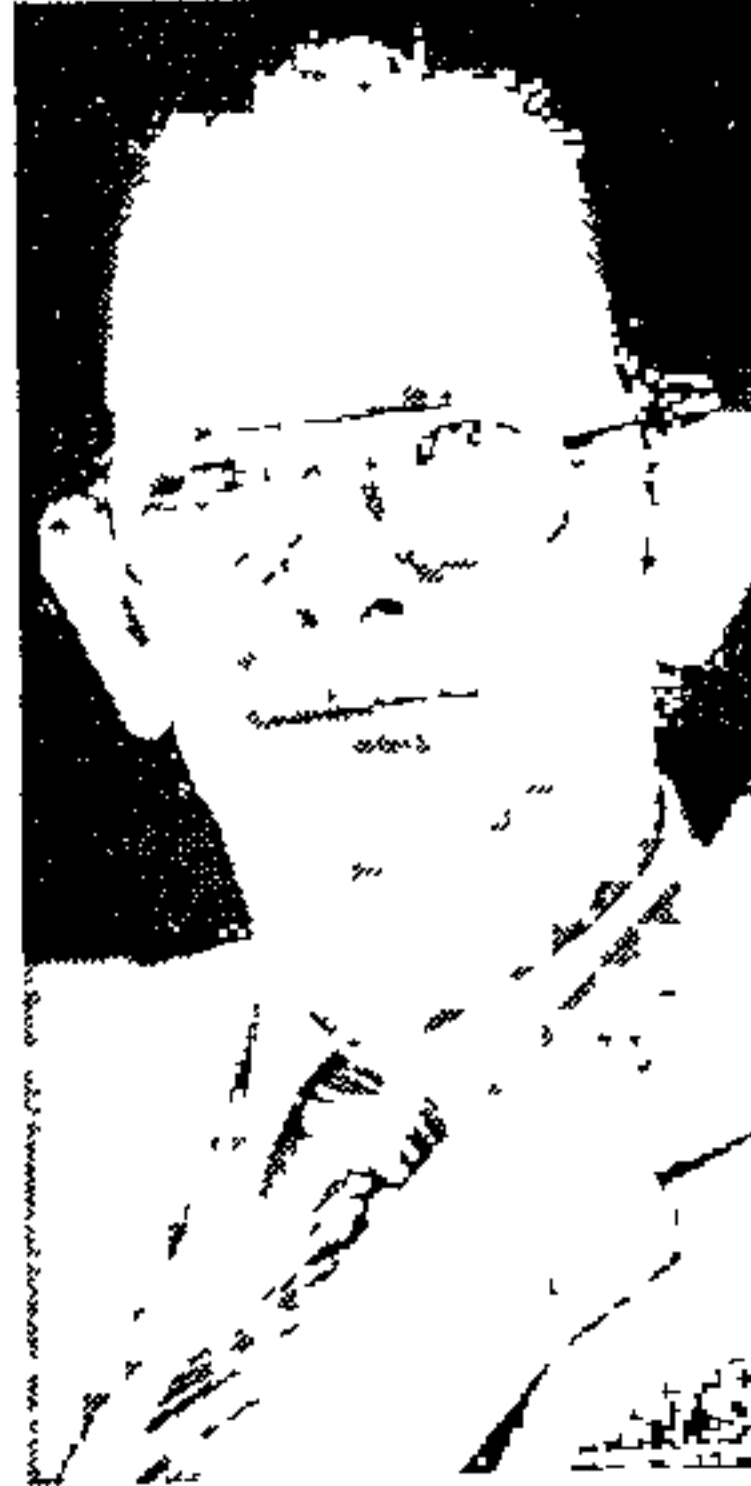
"The forecast is that further job losses may occur in line with expected economic trends."

Employment levels are heading to where they were before 1978.

"The loss of jobs obviously has a spillover effect on associated industries," says Mr Getz

"Although this is not necessarily on a one-for-one basis, it could be significant"

The medium and long-term future of jobs in the industry and of the in-



Mr Mike Getz ... arrest manufacturing sector decline.

dustry itself depends on "the intended role of manufacturing generally in South Africa," Mr Getz says.

He argues that the shrinkage of the industry — there has been no growth in real terms of clothing sales at retail level since 1980 — mirrors the decline of the manufacturing sector in South Africa generally

In this sector, there has been an average annual

loss of 50 000 jobs since 1980. The rate of loss has increased in 1984, 1985 and is expected to increase in 1986

In all, there are 180 000 fewer jobs in the manufacturing sector today than there were in 1980

"In essence, we need to reverse the trend of non-growth in manufacturing generally," Mr Getz says.

"The future of the industry depends on the intended role of manufacturing in South Africa

## Constraints

"At the moment, there are serious constraints on this sector as illustrated by the low rate of investment it has been able to attract and its steady loss of jobs

"The problems are greater than merely First World costs of inputs or the exceptionally onerous direct and indirect rates of taxation

"Ultimately they come back to the absence of any overall plan for South Africa's economic future"

● In Monday's Business Report, Mr Getz says who has gone to the wall in the clothing industry and what can be done.



# COLLAPSE IN GARMENT FIRMS

## IN A CRISIS

By HENRY LUDSKI

**THE clothing industry is heading for a crisis with thousands of garment workers being laid off.**

This week about 300 out of 1,000 workers were laid off for three weeks, and a smaller, unknown, number lost their jobs at the Tej Knitwear factory in Retreat.

A Tej management spokesman said he could give no assurance that those workers placed on "short-time" would get their jobs back in three weeks' time. The recent retrenchment of hundreds of garment workers at several firms in the Western Cape, coupled with the fact that large buyers are steadily cutting back on bulk orders, has raised fears that the industry is heading for a crisis. According to an industry spokesman, the garment trade started showing a decline as far back as 1982. The job crunch has become apparent in the past six months only, worsening last month.

### Snowball effect

Mr Cedric Petersen, assistant-general secretary of the Garment Workers Union, said that in the past six weeks "thing have starting snowballing" and many more people could lose jobs.

He said that already about 5,000 of the 60,000 workers in the clothing industry had lost jobs. He believes the situation could worsen. He said that recent Supreme Court rolls, filed each week with more companies being sequestrated or liquidated, were example enough of the impending gloom.

Mr Petersen said "It's the sign of the times. It's not the clothing industry which is in a crisis, the whole country is in a crisis. He said that, apart from the retrenchments of large numbers of people at certain factories, there was also a steady trickle of retrenchments at factories in the main clothing industrial centres of Woodstock and Salt River, Maitland and Kensington, and Lansdowne.

He said the union had no retrenchment clause with factories in the Western Cape and garment workers would generally receive very little in benefits from employers if they were retrenched.

Mr Petersen said "We have starting using money from our Distress Fund to help workers and, about two weeks ago, we drew about R17,000 to help workers in Atlantis when their company went bankrupt." The money was for wages, savings which workers had lost, and rent stop-orders which the company had to pay for some of the workers.

Mr Petersen said the garment union was also issuing food vouchers to people in dire need. It was writing letters to local authorities asking for rent reductions for jobless workers in terms of a relief plan announced last week by the Government. About 300 workers at Tej were told on Tuesday afternoon that they should not return to work the next day.

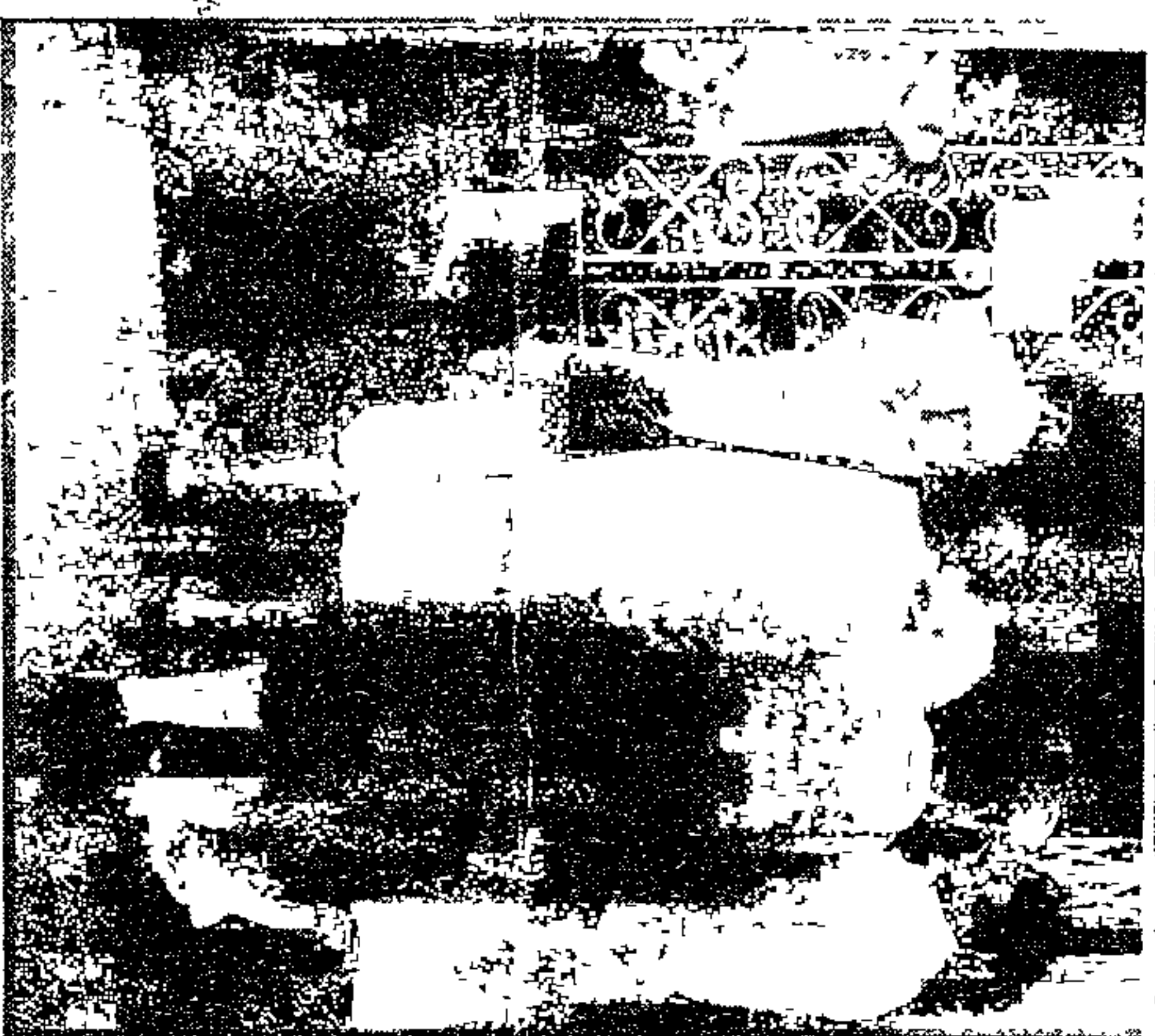
On Friday, there was a sense of uncertainty and anxiety among the workers put on "short-time" as they crowded around the main entrance to the factory to collect one week's wages paid out to them by the company.

Mothers with children on their arms, several who had worked for Tej for as many as 20 years, stood gathered around the pay-out point contemplating their uncertain future. Many of them were sole breadwinners and did not have savings.

"I don't know what I am going to do for the next three weeks."



Workers wait at the Tej clothing factory in Retreat to get a week's outstanding wages. About 300 workers were placed on "short-time" and an unknown number of workers have lost their jobs.



A mother and child wait with others outside a clothing factory in Retreat on Friday for her last pay packet. She and others now face a bleak future.

NSVAAL



who is about five months pregnant with her second child

Another single-parent mother, Miss Sylvia Carlson, who has worked for Tej for 18 years, said nobody had taken into account that they could be laid off at such short notice

The workers are uncertain about their future. "If we would not be surprised if we did not get our jobs back," said one

An **management spokesman** said. "The industry has been following a certain pattern in the past few years, and it is unfortunate this trend is showing at this time."

The cutback in staff is due to the company's "structuring" to suit the present economic climate


He said the industry had showed a decline as far back as 1982, but things have happened this year that have never happened before

He said the squeeze started in the industry in about October, when the rand began dropping steadily against the dollar

"We can give no assurances at this stage that people will be taken back but we will try and give back as many jobs as is possible under the circumstances," said the spokesman

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CAPE Times 6/5/85 184 333 300 322

# Clothing industry casualties

Nearly 4 000 West Cape clothing workers are out of work, part of a general decline in the manufacturing sector generally, says the National Clothing Federation's president, Mr Mike Getz. Employment levels are fast approaching those that obtained in 1978 and the buying of clothing is shrinking rapidly. What kind of companies have gone to the wall and what can be done about this?

By ROBERT GREIG  
 WHO has gone to the wall in the clothing industry, and what can be done?

According to the National Clothing Federation's president, Mr Mike Getz, the companies that were under-capitalized have been vulnerable

So, surprisingly, have the companies making "basic products", like socks and underwear

Conventional wisdom, attributing rationality to consumers, would assume that they continue buying the essentials even in recession

The practice is the reverse Consumers put fashion before function and buy to face the world So manufacturers of basics suffer

Third on the list of likely casualties are those enterprises dependents on one or two customers

In the clothing business, where three groups — SA Breweries, Wooltru and Foschini — account for 50% of retail sales, this can be hard to avoid

Says Mr Getz "Particularly vulnerable have been cut, make and trim operators, a very important part ofn the industry traditionally providing flexibility and quick turnaround"

With their small capital base — rented accommodation, low-cost labour and leased machinery — they are where the industry lets in entrepreneurs — the strain the soda

on quick movement of stocks Some may be inclined to change emphasis, too, from marketing-related to accounting skills

This, says Mr Getz, can amount to a shifting of risk from the retailer to the manufacturer who has to become sensitive to the need for shorter product runs and lead times

Again, this depends on the fleetness of textile manufacturers

What can be done? According to Mr Getz, the NCF will be consulting its customers about trying to alleviate hardship within the industry as the retail sector adjusts to present and expected conditions

It will also discuss with suppliers what can be done to retard "the sharp escalation in the cost of raw materials, bearing in mind that this established trend is leading to



# 8 000 clothing workers lose jobs

Star 6/5/88

**CAPE TOWN** — More than 8 000 people have lost work in the clothing industry this year, nearly four thousand of them in the Western Cape, because of the recession

And, according to National Clothing Federation president Mr Mike Getz, the process will continue until South Africa has a comprehensive economic plan that will reverse the decline of the manufacturing sector as a whole

Last week TEJ laid off

400 workers — about a quarter of their workforce

"The Bureau for Economic Research, Stellenbosch, predicts unemployment in the industry will reach 10 percent (about 11 000 workers)

"The forecast is that further job losses may occur in line with expected economic trends

"The loss of jobs obviously has a spillover effect on associated industries," says Mr Getz

"Though this is not nec-

essarily on a one-for-one basis, it could be significant."

The medium and long-term future of jobs in the industry and of the industry itself depends on "the intended role of manufacturing generally in South Africa", Mr Getz says

He argues that the shrinkage of the industry — there has been no growth in real terms of clothing sales at retail level since 1980 — mirrors the decline of the manufacturing sector

# Ballet decision a victory for Fosatu union

By PHILLIP VAN NIEKERK  
Labour Reporter

FOSATU's National Union of Textile Workers (NUTW) has achieved a major breakthrough in its attempt to break the closed shop exercised by Tucsa's Garment Workers' Industrial Union (GWIU) in the Natal clothing industry

In a judgment handed down by the industrial court, Mr Y Bulbulia has ordered a Pinetown firm, Natal Overall Manufacturers, to settle a dispute with the NUTW by holding a ballot within three weeks to determine whether workers support the NUTW or the GWIU

The dispute arose out of lay-offs at the firm which the NUTW claimed took place without consultation with the union.

Natal Overall's reply was that it was not obliged to consult with the NUTW because of the industrial council's closed shop which has precluded the NUTW from recognition

In terms of the court order, if the NUTW wins the ballot, the company must negotiate with it in future retrenchments, must negotiate a recognition agreement with the union and must provide it with stop order facilities

A spokesman for the company declined to comment on the outcome yesterday until after the ballot.

Mr Johny Copelyn, general secretary of the NUTW, said the decision was significant because the court had overturned the industrial council's right to block the NUTW from negotiating on behalf of workers in the industry.

The NUTW has applied to join the council, but has been refused membership until it can prove it represents about 25% of the council's 11 000 workers

The NUTW claims majority support at several firms in Pinetown, and holds that the GWIU is no longer representative in this area

The dispute is one of several key areas of conflict between established unions and the NUTW, which recently won a Supreme Court case over the issue of having stop orders deducted at a Cape firm, Table Bay Spinners

The industrial court first refused to decide on the Cape textile industrial council's right to prevent Table Bay Spinners from deducting stop orders from the NUTW, a non-council union

However, the Cape Supreme Court ordered the industrial court to decide on the issue and the case is yet to be heard.

# Expert pooh-poohs expected surge in clothing prices

1/24/5  
8/5/85  
184

By DEREK TOMMEY  
Financial Editor

HEAD of Pick 'n Pay's textile buying operations Mr Johnny Rosenberg has challenged claims that clothing prices will rise strongly next summer

He said efficient clothing manufacturers should be able to absorb most of the cost of the increase in textile prices

He was commenting on a statement by a Durban clothing manufacturer that because of the devaluation of the rand and resultant increase in the cost of materials, clothing prices this summer would rise by between 25 percent and 30 percent and even by 45 percent in some instances

Mr Rosenberg said today that such price rises were unwarranted

## CHANGED MARKET

The average increase in Pick 'n Pay's clothing prices this coming summer would be only 10 percent. Many items would be selling at the same prices as last year and the prices of some would even be lower than a year ago

He criticised clothing manufacturers for failing to adjust to changed market conditions

"They are still seeking to maintain their profits with high mark-ups instead of seeking economies of scale by going for low margins and long runs"

Just this week a local clothing manufacturer, because it was concerned about the backlash from other retailers, had refused to enter into a deal with Pick 'n Pay which would have trebled his production and substantially reduced the price of the



Mr Johnny Rosenberg, head of textile buying operations for Pick 'n Pay.

garment he made

Mr Rosenberg said that in spite of the downturn in the economy many clothing manufacturers were still operating profitably, because they were professionally managed and knew how to cost

They also kept their factories fully occupied even if the profits were less than they would like

Generally, those clothing firms that were going to the wall were the ones that did not know how to cost

There was a serious need for greater efficiency in the clothing industry, he said



# Cheap imports, recession hitting clothing industry

NM 8/5/85

74

184

CAPE TOWN—Cheap imports and the recession are wreaking havoc in the clothing industry and at least 4 000 people have been retrenched in the Western Cape in recent months

In the leather and footwear industry, about 3 000 jobs have been lost nationally for the same reasons

One major Cape clothing manufacturer was reported to be considering laying off about 1 000 workers as the recession bit deeper

Mr Simon Jocum, chairman of the Cape Clothing Manufacturers' Association, said yesterday that a prime rate of 25 percent, an inflation rate of at least 16 percent and a weak rand were killing

the industry

Half the costs in the clothing industry were imports of yarn and other items which were paid in dollars

Mr Jocum also said the industry believed imports from Ciskei were finding their way to the local market

## Vulnerable

'Ciskei gets tremendous subsidies from the South African taxpayer to encourage employment there, but effectively it seems we are subsidising Ciskei to put people out of work in urban areas,' Mr Jocum said

Mr Bobby Jacobs, chairman of Tej, which last week retrenched 45 monthly paid staff and put 292 workers on short-

time, said the knitwear industry was particularly vulnerable to cheap imports

'And it doesn't help that we have a "Taiwan" within our borders. Wages in border areas and homelands are much lower,' he said

Mr Louis Peterson, general secretary of the Garment Workers' Union, agreed that Ciskeian imports were affecting the South African industry, mainly at the cheaper end of the market

Mr Jocum said that although factors such as the exchange rate and inflation were pushing prices beyond people's capacity to pay, there was tremendous competition in the industry which was helping counteract this — (Sapa)

# Union's battle for factory recognition takes a new turn

May 1965

**Labour Reporter**  
THE battle by the National Union of Textile Workers (NUTW) for recognition at a Pinetown clothing factory where a rival union already claims majority support has taken a new turn with the intervention of the Industrial Court.

The Court this week ordered Natal Overall Manufacturers to settle the recognition dispute within three weeks by holding a ballot to determine whether its workers support the NUTW or the Garment Workers Industrial Union (GWIU).

The dispute arose out of lay-offs at the factory which NUTW, an affiliate of the Federation of South African Trade Unions, claimed took place without the union being consulted.

The company argued that it was not obliged to consult the NUTW because of a closed shop agreement with the GWIU which is also represented on the Industrial Council. The agreement precluded unions other than the GWIU from recognition at the plant.

In terms of the judgment handed down by Mr Mohamed Ameen Bulbulia, if the NUTW wins the ballot, the company must negotiate with it in retrenchments, negotiate a recognition agreement with the union and provide it with stop-order facilities.

Mr Johnny Copelyn, general secretary of NUTW, said the Court had overturned the Industrial Council's right to block the union from negotiating on behalf of workers.

SPY/NOV 1985

fully broke GWIU's closed shop at James North (Africa) in Pinetown, after a series of complex court cases. At the time when NUTW's victory was announced, there was speculation that the Fosatu union would continue its battle to gain supremacy in the Natal clothing industry. Developments at Natal Overall appear to bear this out.

According to NUTW general secretary John Copelyn, his union started organising at Natal Overall at the beginning of last year. A dispute between NUTW and the company arose later, he says, because several of its members were retrenched without prior consultation. As a result, NUTW brought an unfair labour practice claim.

Natal Overall defended its action, Copelyn says, claiming that GWIU, which has a closed shop at the factory, was consulted and agreed to the retrenchments. NUTW's argument against this was that the company's workers are unwilling members of GWIU and only remain so because Natal Overall is an NCMA member.

In terms of a settlement reached between NUTW and the company, Natal Overalls has undertaken to pay R2 500 in a lump sum to seven of the retrenched workers and the court has ordered that:

- Natal Overalls must hold a secret ballot on or before May 22 to determine whether the workers support NUTW or GWIU;
- Each union will nominate a person to observe the ballot, to scrutinise ballot papers, and have equal time to meet with workers beforehand.

Furthermore, if NUTW wins, the company shall.

- Consult with NUTW prior to any planned retrenchments of its members;
- Deduct union dues from NUTW members' pay packets (This means that NUTW will not have to apply to the Natal clothing industrial council for an exemption for the company to make the deductions); and
- Negotiate in good faith with NUTW or reach a recognition agreement with it.

On the other hand, if the ballot shows NUTW does not have majority support, the Fosatu union shall desist from requiring or compelling Natal Overalls to deal with it on any matter for at least a year after the ballot.

Says Copelyn. "We have not got past the closed shop. But what is significant about this order is that it means that NUTW will have to defend its claim to representivity and employers will have to deal with us on that basis rather than hiding behind GWIU's closed shop."

Commenting on the order, Geoff Heald, senior researcher at Stellenbosch University's Graduate School of Business, who advised the company, says: "The process of challenging the closed shop, which is allegedly not endorsed by a large proportion of workers, is now greatly simplified. I believe this represents a significant stabilising feature in the Natal clothing industry."

If NUTW wins the ballot, it is likely that several other manufacturers in Natal will face the same problem.

CLOSED SHOP

## NUTW's challenge

The Industrial Court has ordered a Natal clothing manufacturer, Natal Overall Manufacturers, to hold a secret ballot to determine whether the Garment Workers' Industrial Union (GWIU) or the National Union of Textile Workers (NUTW) has majority support among workers at its Pinetown factory. This is a new and highly significant

### QUOTABLE

US Ambassador to SA Helmuth Nickel at a conference on the social responsibility of business.

The striking feature of the decision of the Industrial Court is that it has ordered the company to hold a secret ballot to determine whether the Garment Workers' Industrial Union (GWIU) or the National Union of Textile Workers (NUTW) has majority support among workers at its Pinetown factory. This is a new and highly significant

development in the closed shop war between the Fosatu-affiliated NUTW, and GWIU, an affiliate of Tucsa.

GWIU enjoys the benefits of a closed shop in the areas of Natal covered by the province's industrial council in which the Natal Clothing Manufacturers' Association (NCMA) is the employer party. But it is having to fight off a challenge from NUTW. One step GWIU has taken to protect its position has been to amend its constitution to empower it to expel any of its members who join any other union. This has the effect that workers employed by members of the NCMA risk losing their jobs if they join NUTW.

Despite this step, NUTW last year success-



# THE FOR

## Clothing industry under attack

By Stan Kennedy (184)

Cost increases facing the clothing industry are assuming serious dimensions in the face of declining markets, says Mr Mike Getz, president of the National Clothing Federation of SA

He says prices of raw materials have moved sharply upwards and fabrics of locally produced cotton have risen 25 percent and wool 35 percent. Prices of polyester/cotton fabrics are increasing annually at 15 to 25 percent.

Wage bills, nationally, will grow by some 16 percent and the industry will be under extreme pressure to maintain its historic performance of keeping its price increases below the consumer price index (CPI), he says in a statement.

Additionally, the CPI for clothing, at present increasing at a rate of 14 percent, is now exceeding the clothing production index in a worrying way.

"Retail prices are increasing faster than the wholesale prices. On the whole, margins are being maintained at retail but are

declining sharply at the manufacturers' level.

"The trend of survival pricing has, in many cases, led to serious business failures. There is pressure on garment manufacturers to do business at uneconomic levels but under existing conditions real costs must be treated realistically. The industry cannot subsidise them."

Demand is still uncertain, with postponements and cutbacks a significant feature of forward sales and existing order books. On the whole, the consumer is responding selectively to a mix of fashion and function, with a bias towards the former. Long run production, generally, and basics, in particular, are declining as a proportion of total business.

Mr Getz says productivity improvements are still the best in South Africa, according to the National Productivity Institute. However, the uncertainty of forward commitments and the delays and changes to existing order books will prejudice performance.

### Dollar expected to drift lower

TONGAAT	40	65	16.7
IND -	350	850	
L MATCH	390	850	
REMB BEH	120	205	
REMGRO	160	265	18.0
TEGKOR	210	210	11.9
TIB	210	210	11.9
UTICO	350	950	3.9
UTICO DEF	500	875	25.4
IND -	1375	1850	16.8
MOBILE	250	500	24.9
PUTC	340	400	24.1
TOLGATE	125	285	24.6
TRENCOR	290	355	14.7
DEA -	1800	3750	4.0
CHANNEL	3300	6500	0.8
CFC	150	320	13.8
QMANA	85	210	13.8
T D H	700	1375	12.0
	650	1300	12.0
	440	780	14.5
	315	625	14.5
	480	730	14.5
	1100	1100	13.0
	350	600	16.3
	35	60	16.9
	57	57	16.9

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**FEURTE AVOCADOS**

CAPE TIMES 15/5/85  
**Pay increase for  
clothing workers**

By **ROBERT GREIG**  
CAPE clothing workers will earn an estimated R13-million more from July to December, despite record layoffs in the industry this year

The wage increase, effective from July 1, is part of a four-stage increase of 32.7 percent spread over two years negotiated last year

Individual qualified machinists will earn a minimum of R3 more a week, raising their weekly wage to R67, the secretary of the Industrial Council for the Clothing Industry (Cape), Mr Hardy Nel, said yesterday

Meanwhile the president of the National Clothing Federation Mr Mike Getz, warned yesterday that rising local raw material and wage

costs were making it difficult for the industry to maintain levels of output and employment

He added that retailers were maintaining their margins while manufacturers' were dropping. Retailers disputed this

The wage agreement between the Cape Clothing Manufacturers' Association, the Garment Workers' Union and the Cape Knitting Association includes higher termination pay and increased sick and provident fund contributions

Cape clothing workers who work a 42-hour week, earn slightly more than those in the Transvaal and much more than their Natal equivalents

e Increases despite lay-offs

# Cape clothing workers to get R13m more

*B. Day 15/5/85*

By ROBERT GREIG

CAPE clothing workers will earn an estimated R13m more from July to December despite record layoffs in the industry.

The wage increase, effective from July 1, is part of a four-stage increase of 32,7% spread over two years, which was negotiated and announced last year.

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Meanwhile, National Clothing Federation president Mike Getz warned yesterday that rising local raw material and wage costs were making it difficult for the industry to maintain levels of output and employment.

He added that retailers were maintaining their margins while those of manufacturers were dropping. Retailers disputed this.

The wage agreement, signed between the Cape Clothing Manufacturers' Association, the Garment Workers' Union and the Cape Knitting Association, includes higher termination pay and increased sick fund and provident fund contributions.

From December 1984 to the end of 1986, the minimum wages of qualified machinists will have risen by 32,7%, of which 15,5% will be in 1985.

The first stage was in December and the fourth and final will be on July 4 next year.

Last year the wage bill for 62 000 workers was about R120m.

Since then the workforce has dropped to 56 000. The Industrial Council for the Clothing Industry (Cape) said figures of those working short-time were not available.

Garment Workers' Union assistant general secretary C Petersen said "There have been some lay-offs but the percentage is small."

He reported a demand for qualified machinists and knitters but little for unqualified staff, saying lay-offs had mainly taken place in small, cut-make and trim operations.

Cape clothing workers, on a 42-hour week, earn slightly more than clothing employees in the Transvaal and much more than Natal employees.

The minimum weekly wage of a Transvaal machinist, working a 40-hour week, is rising to R63 a week, according to the Industrial Council for the Clothing Industry (Transvaal).

A Natal machinist, working a 42-hour week, will be earning R40,50 a week, the council for Natal said.



# 'Clothing industry faces huge cost rises'

By ROBERT GREIG

THE July wage increases come as the president of the National Clothing Federation, Mr Mike Getz, has warned about the "serious dimension" of cost increases facing the clothing industry

In a prepared statement yesterday he warned that the industry would be "under extreme pressure" to continue to keep price increases down and claimed that retail margins were being maintained while manufacturers' were dropping

He said "Cost increases now facing the clothing industry are assuming serious dimensions in the face of still declining market trends

"Raw materials in particular have moved sharply upwards. Fabrics of locally produced cotton and wool have risen in price by 25 percent

and 35 percent, respectively. Prices of polyester/cotton fabrics are increasing at an annual rate of between 15 percent and 25 percent

"Wage bills nationally will grow by some 16 percent. The industry will be under extreme pressure to maintain its historic performance of keeping its price increases below those of the consumer price index

"Additionally the consumer index for clothing, at present increasing at a rate of some 14 percent, is now exceeding the clothing production index in a worrying way

"Prices at retail are rising faster than at wholesale

"The trend of survival pricing has in many cases led to serious business failures. There is pressure on garment manufacturers to do

business at uneconomic levels but under present conditions real costs must be treated realistically

"The industry cannot subsidize them. Demand remains uncertain with postponements and cutbacks a significant feature of forward sales and existing order books

"On the whole, the consumer is responding selectively to a mix of fashion and function, with a bias toward the former

"However, the uncertainty of forward commitments and the delays and changes to existing order books will obviously prejudice performance"

Spokesmen for leading retailers, including Edgars' group director of retail services, Mr Frank Wells, said yesterday that retail margins were also under pressure.

# Rises face clothing industry

184 NM 17/5/85

CAPE TOWN — The July wage increases come as the president of the National Clothing Federation, Mr Mike Getz, has warned about the 'serious dimension' of cost increases facing the clothing industry.

In a statement he warned that the industry would be 'under extreme pressure' to continue to keep price increases down and claimed that retail margins were being maintained while manufacturers' were dropping

He said 'Cost increases now facing the clothing industry are assuming serious dimensions in the face of still declining market trends

'Raw materials in particular have moved sharply upwards. Fabrics of locally produced cotton and wool have risen in price by 25 percent and 35 percent, respectively. Prices of polyester/cotton fabrics are increasing at an annual rate of between 15 percent and 25

percent.

'Wage bills nationally will grow by some 16 percent. The industry will be under extreme pressure to maintain its historic performance of keeping its price increases below those of the consumer price index

'Additionally the consumer index for clothing, at present increasing at a rate of some 14 percent, is now exceeding the clothing production index in a worrying way

'Prices at retail are rising faster than at wholesale,' Mr Getz said

Spokesmen for leading retailers said that retail margins were under pressure — (Sapa)

# Clothing exports hit by American anti-SA campaigns

W/E NEWS 18/5/85

By TOM HOOD

EXPORT profits of Cape clothing manufacturers are being hit as a result of anti-apartheid and disinvestment campaigns in the United States

There is still business to be done in the US in spite of all the disadvantages, says Mr Simon Jocum, chairman of the Cape Clothing Manufacturers Association, who has returned from a business trip

But importers are demanding better quality than they are getting and even better prices than they were originally prepared to accept from South Africa, he said this week

In other words, we have to pay for the additional risk the importer may be involved with as a result of anti-South African demonstrations

## LABOUR UNREST

He also found

- The arrest of trade union leaders here made would-be importers fear labour unrest and that they would not be able to get deliveries of goods ordered
- Some importers were also worried about dock strikes such as dockers refusing to offload South African goods
- Some importers were also refusing to buy because of the "Made in South Africa" label which has to appear on every garment

Exporters also faced a clothing recession in the United States

Clothing from the Far East was being dumped at uneconomic prices, making 1985 extremely difficult to get into the market

The South African clothing industry provided 90 percent of the country's needs and employed 120 000 people, plus even more employed in supplying inputs in allied activities

"The future growth and employment of this industry is in the export markets where so many job opportunities could be provided for our workers

## HEALTHY BASE

"Unfortunately the present recession adds to our difficulties in exporting as it is far easier to export from a healthy export base than during a recession

"Costs which could be passed on to the domestic market, which is usual for exporters, cannot be offset at present which makes exporting even more difficult"

Mr Jocum said he was "absolutely amazed" at the progress made by the anti-South African lobby since his last visit seven months ago

The result was businessmen were becoming jittery in dealing with South Africans, some of whom said they came from Britain or Australia to avoid unpleasant situations

## DETAINEES

The average American who had no concern with South African problems was now exposed to them through daily television and news media coverage whenever an incident took place in South Africa

"Long before I could get down to the business of exporting clothing to the United States with potential buyers, I was questioned on the politics of South Africa and the future direction, and solutions"

Mr Jocum said overseas contacts — importers, religious leaders, businessmen and politicians — who had visited South Africa in the past six years — complained of difficulty in getting the true picture of South Africa to their friends "because of the way we maintain law and order

"The actions of the police are bringing the country into disrepute and it appears to them that our police are over-reacting when peaceful demonstrations take place we cannot continue giving so much ammunition to our enemies"

Five priorities were needed to help exporters

- An urgent convention between the Department of Foreign Affairs and a broad spectrum of businessmen who travel overseas
- Urgent export incentives should be given to would-be exporters
- "In the name of law and order, we must be careful how we react to normal and peaceful protests."
- More non-white businessmen should go overseas to promote investment in South Africa
- Businessmen should be briefed confidentially on Government plans and intent for future economic and political development



# SA caught in cleft stick over Taiwan barter deal

By Ciaran Ryan  
 A SOUTH African coal for Taiwanese clothing barter deal, said to be worth R50-million, may still be signed in spite of claims that it has been cancelled.

Should the coal for clothes counter-trade deal go ahead, and it could do so without any Government knowledge or interference, it would give rise to several ironies. The Department of Trade and Industry disapproves of counter-trade because it involves cashless or only part-cash transactions.

But the Government is keen to foster closer trade links with Taiwan and this may prepare the way for counter-trade deals which would fly in the face of the Department of Trade and Industry's position on barter

## Sales slump

The National Clothing Federation, which represents 80% of South Africa's clothing manufacturers, fears that cheap clothes from Taiwan will be dumped on a depressed market.

It will probably try to have the deal stopped when it meets the Minister of Trade

and Industry, Dawie de Villiers, in a few weeks' time.

South African clothing manufacturers are going through hard times and 8 000 workers have been laid off in the past year. Sales are down 10%.

The Taiwanese have made a sustained assault on the South African clothing export market. Taiwanese entrepreneurs who establish factories in Ciskei and other homelands are able to export under the South African banner.

They now account for about half SA's clothing exports which will be worth about R50-million this year.

There are more than 20 Taiwanese manufacturers in the Southern African states.

Many decentralised clothing manufacturers make a profit by employing large numbers of workers to take advantage of decentralisation allowances — R110 is paid to the company for each employee. But many companies pay their workers only R60 a month, says Mike Getz, president of the National Clothing Federation.

## Quotas cut

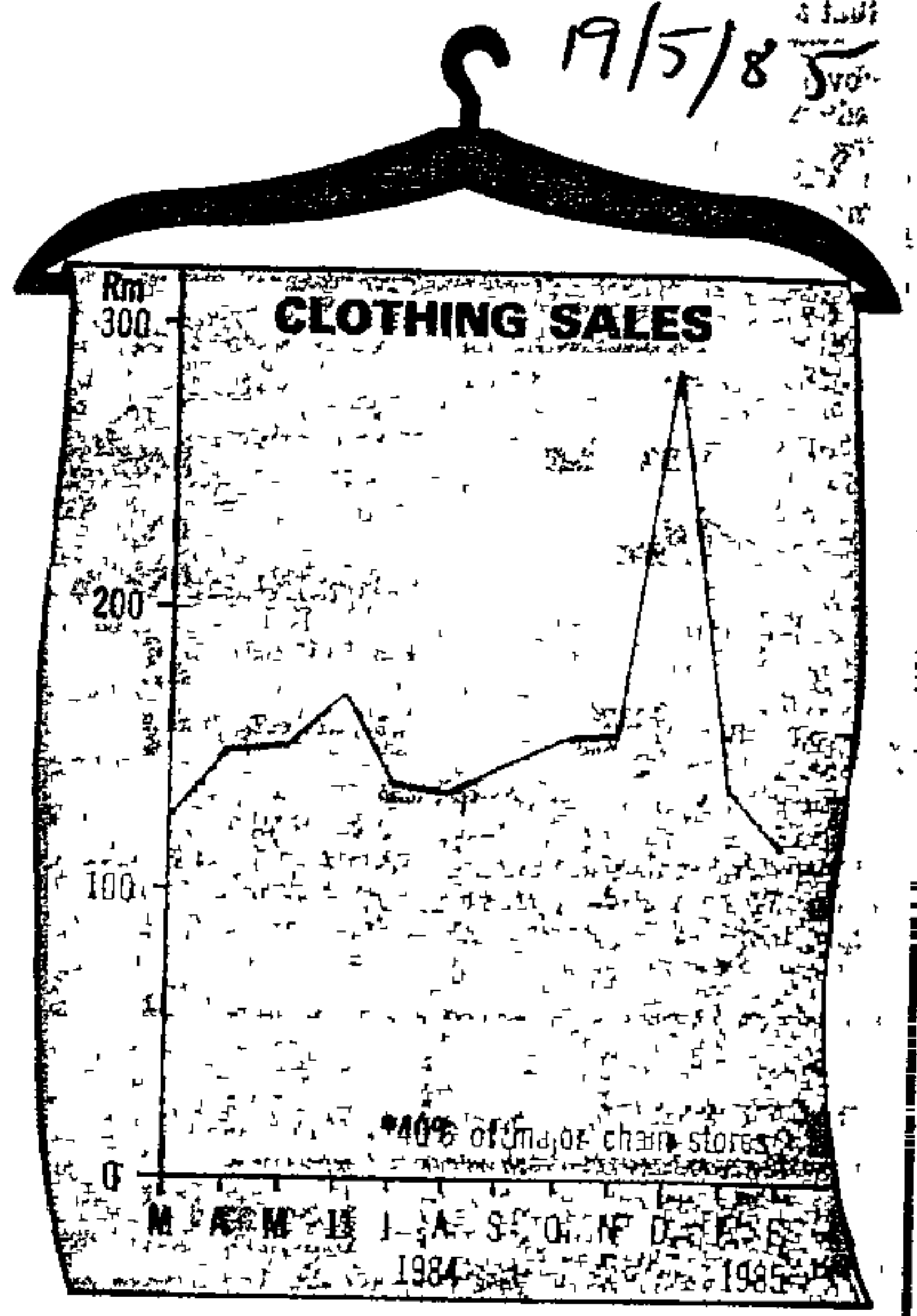
"In effect the South African taxpayer is asked to fork out for overseas competition to come here and slit our throats."

Taiwanese clothing firms are battling in their traditional export markets. One reason is Taiwan's favourable balance of trade with the United States, as a result of which its export quotas have been reduced.

One way around this is to set up in one of the homelands with all their incentives, and make it look as if the clothes originate in South Africa which has a large American quota. Nearly completed clothes are sent to Ciskei where they are finished. RSA labels are added and the goods are exported.

## Cut-throat

Taiwan is under pressure from China which has undercut even the cut-throat Taiwanese prices. A considerable amount of gerrymandering is taking place to circumvent the United States quotas. Several Chinese manufac-



turing companies have been established in Hong Kong to benefit from its generous export quotas.

But the United States market is not as healthy for South Africa as it used to be and the Taiwanese factor is thus all the more damaging. The strong dollar has resulted in cheap imports to the US

which are hurting its industry. The US has responded by enforcing a 35% value added regulation — only 35% of the value of an item can be imported.

South Africa's clothing industry is worth R1,8-billion annually, and has remained static in real terms since 1980.

# Court order on clothing firm

Court Reporter

A MANDINI clothing factory which owes R395 675 to the KwaZulu Finance and Investment Corporation Ltd was placed under a provisional liquidation order after an application in the Supreme Court, Durban, yesterday

Mr Justice Nienaber

called on Seven Star Garments (Pty) Ltd and all interested parties to show cause on June 21 why the company should not be finally wound up

In an affidavit before the Court, Mr Marius Spies, an executive director of the KwaZulu Finance and Investment Corporation, said the debt

was made up of rent arrears on trade and residential properties and monies loaned to the company. Part of the debt was secured

A further amount of R112 614 was owed to various creditors

Mr Spies said Seven Star Garments' premises

were closed down and all the employees had been paid off. The company's only assets had been attached following a rent interdict summons and the messenger of the Court had valued them at R120 000

Mr M Pillemer, instructed by Chennells

Albertyn & Friedman appeared

In another matter, the Judge granted a final order of liquidation against Auto Fitment Centre (Pty) Ltd of Point Road, Durban. The company had traded in the rust-proofing of cars and fitting of sun roofs, car radios and other equipment.



# NEWLITLED CATTLE TO PAY BILLS

Cape Times 22/5/85

By MARTINE BARKER

"A FRIEND gave me a fish yesterday and on Sunday my mother gave me some vegetables. I don't know what we will have to eat tomorrow. All our money is gone."

Retrenched clothing-industry workers interviewed in the Peninsula yesterday described the misery of unemployment and the fruitlessness of their efforts to find alternative work in the present economic climate.

"We were told that if there is work available in December the company will call on us and give us work. But even if we get work then, how are we to survive for more than six months like this?" asked Mrs Aminna Samuels of Valhalla Park.

Although most people employed in the clothing industry are women it is largely a myth that they provide a second income for their families. Many are the sole breadwinners or have become so as a result of retrenchments in other industries.

As a machinist, Mrs Alma Davids of Clarkes Estate was the sole source of income for her family since her husband was retrenched in March.

"Now there is no income at all. My husband goes to look for work every day but mostly there is nothing. Yesterday he got a casual job for the day. He earned R4. We spent R3 on food and there is R1 left.

"We have to ask the neighbours to give us money for bus-

fare so my husband can look for work. There is no work in this area at all."

Mrs Davids faces steep monthly bills — rental for the family's council-owned flat is R73. The electricity has been cut off because they cannot afford it.

Furniture bought on hire purchase costs R10 a week and three children have to be fed and clothed.

"I feel sore and my husband feels the same way"

Unemployment benefits take several weeks to materialize and until then the weekly bills accumulate in arrears.

Mrs Sharifa Baron, of Heideveld, says her severance pay of R100 has been consumed already, just two weeks after los-

ing her job, she owes the vegetable shop R35, her electricity account is R20 in arrears and she owes R19 to the food store.

Apart from owing a monthly rental of R33 for a flat in which streams of water flow down the walls with every rainfall, she is paying off a fridge and television set. "They took my hi-fi away already," she adds.

Mrs Baron's husband is a gardener — his monthly pay of R206 is the only income for the five-member household of four adults and a child

The other two adults who share the one-bedroomed flat are Mrs Baron's son who goes on a search for work every day and a friend who was retrenched along with Mrs Baron

"There is no money in this house. The skollies broke in and couldn't find anything to steal so they just asked if they could sleep here"

Mrs Samuels, whose husband earns R100 a week working as a painter, says that by Monday each week the money is gone. Hire-purchase commitments on a television set and clothes cost her R30 a week. The rest goes on food, transport to work for her husband, rent, water and electricity.

She opens empty containers to show us what remains of her food store: "There is no money to pay 50c for a bottle of fuel for the paraffin stove so I use electricity and hope I can pay it next month"



Mrs Aminna Samuels: "I don't know what food we will have tomorrow."



Mrs Alma Davids continues her household chores despite the worries of unemployment.

of Mississippi State which  
oversees Calhoun City.  
the maintenance ponce

May 1985

# 600 workers laid off from city knitwear plant

By TRISHA BAM and TOM HOOD  
Weekend Argus Reporters

SIX hundred workers from the Tej knitwear factory have been laid off in the past week

It seems that about 200 were asked to leave permanently last Friday and that another 400 were asked to work short-time from either last Tuesday or from yesterday

The Argus tried for two days to get comment from Tej management, but one director kept referring inquiries to the chairman, Mr Bobby Jacobs, who is in hospital and will be back at work next week

Attempts to get comment from the GWU was equally unsuccessful and The Argus was told to wait for the secretary, Mr C Petersen, who will be available next week

Tej, a public company, has not made a profit for more than two years

Mounting losses were reported last month by the chairman, who announced a R541 000 loss for the half-year to December after a loss of R412 000 for the financial year ending June 1984

The company has not paid a dividend to its shareholders for more than 10 years

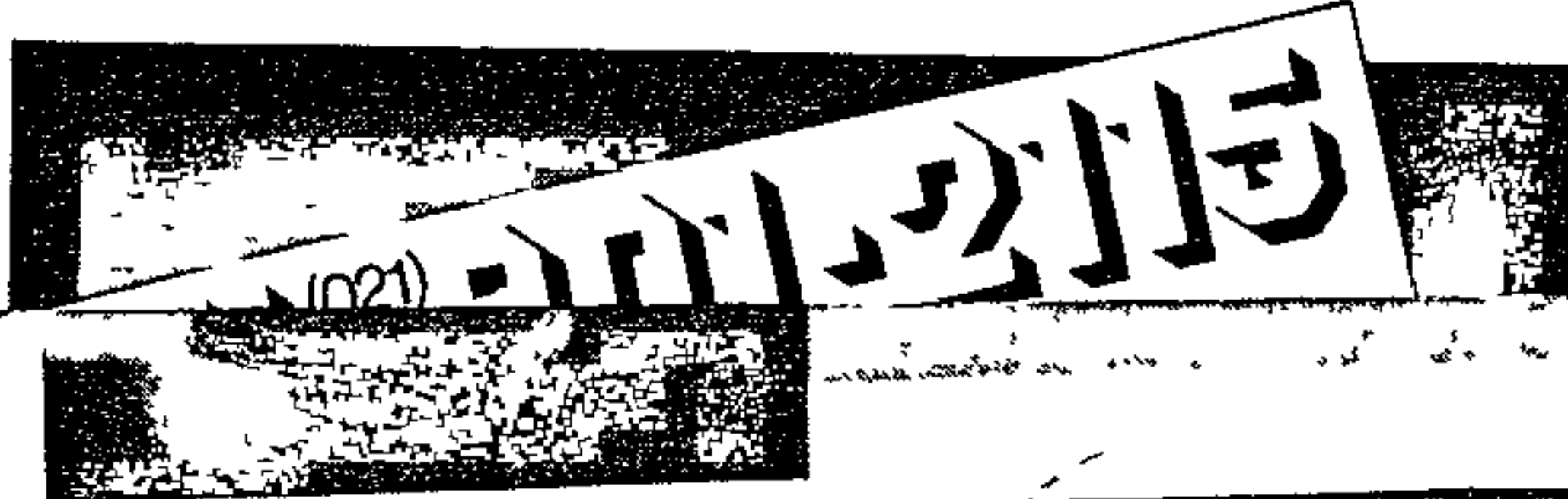
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**329**

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# Defeat for union in Pinetown factory poll

## Labour Reporter

THE National Union of Textile Workers' battle for recognition at a Pinetown clothing factory ended in defeat yesterday when a majority of the workers voted in favour of a rival union — the Garment Workers' Industrial Union

The 864 workers at Natal Overall Manufacturers were asked to vote following the intervention of the Industrial Court to settle the long-standing recognition dispute with the company.

The dispute posed serious threats to the GWIU, which has guarded its membership at several clothing factories, mainly in the Pinetown industrial complex, by entering into a 'closed shop' agreement with the companies.

The agreement effectively barred other unions from being

recognised at the plants

After the NUTW took the latest matter to the Industrial Court, the company was ordered to hold the ballot to determine whether its workers supported the NUTW or the GWIU

The dispute arose from lay-offs at the factory which NUTW claimed took place without the union being consulted. However, the company maintained that it was not obliged to consult the NUTW because of the closed shop agreement with GWIU.

Results of the ballot released yesterday showed that 533 workers voted in favour of GWIU and 321 for NUTW. There were 10 spoiled papers.

Approached for comment yesterday, Mr Trevor Aron, managing director of the company, said: 'The wishes of the

workers were expressed loud and clear'

GWIU's general secretary, Mr Frankie Hansa, said he was delighted with the results of the ballot. Mr Jabulani Gwela, NUTW's Pinetown branch organiser, could not be reached for comment yesterday.

# 250 face retrenchment

Labour Reporter

ABOUT 250 employees at Durban Overall Company, manufacturers of Ruffies overalls, face retrenchment tomorrow following the company's decision to rationalise and relocate its operations.

Mr Trevor Aron, managing director of the com-

NM 29/5/85  
pany, yesterday confirmed that the Umbilo Road factory would be moving to Pinetown, but emphasised that the move 'in no way affects the administration and running of the company'.

He said the decision to transfer its operations to Pinetown had been made 'in the light of the eco-

conomic recession.

The company had reached 'an amicable settlement' with the Garment Workers' Industrial Union (GWIU) over the retrenchments, he said.

A GWIU spokesman said the workers at Durban Overall had struck an 'excellent deal'

~~SECRET~~ (184) ~~SECRET~~ For 21/5/85 ~~SECRET~~

## CLOTHING INDUSTRY

### Tucsa strikes back

In a serious blow to the National Union of Textile Workers' (NUTW) recruitment campaign in the Natal clothing industry, Tucsa's Garment Workers' Industrial Union (GWIU) has won majority support in a secret ballot conducted among workers at Pinetown manufacturer Natal Overall.

The GWIU affirmed the validity of its representation at Natal Overall when it won 533 votes compared with its Fosatu rival's 321 in a ballot in which 864 of the company's labour force of 883 workers participated.

The ballot was conducted in terms of an order made by the Industrial Court after the NUTW and Natal Overall reached an out-of-court settlement in a dispute over the retrenchment of several NUTW members. Despite the GWIU closed shop at the factory, the NUTW alleged that the company had committed an unfair labour practice by retrenching without consultation.

Now that the NUTW has lost, it will have to abide by another condition in the order. It may not compel the company to deal with it on any matter for the next year. If it had won, the NUTW would have found a unique method to deal with the problems posed by the GWIU's closed shop. The order obliged Natal Overall to consult with the NUTW before retrenching any of its members, to deduct union dues from NUTW members (which would have entailed applying for an exemption from the province's clothing industrial council), and to negotiate in good faith with the NUTW or conclude a recognition agreement with it.

#### Closed shop war

NUTW and the GWIU have been locked in a closed shop war for some time now. First indications of how seriously the GWIU took the threat from the Fosatu union came when it amended its constitution to empower it to expel any worker who joins another union. Because of the GWIU's closed shop agreement this meant that members of the Natal Clothing Manufacturers' Association commit an offence if they employ workers who are not members of the GWIU.

Despite this action, the NUTW scored a decisive win against the GWIU when it broke its hold at James North (Africa) in the first successful legal challenge of the closed shop. Inter-union rivalry over this issue reached such proportions last year that the Tucsa union staged a mass rally in Durban to show the depth of its support.

The GWIU agreed to participate in the ballot at Natal Overall only after it had threatened to take the Industrial Court's order on review on the grounds that it had not been consulted when the order was drawn up. However, it later withdrew the threat.

Says GWIU general secretary Frankie Hansa. "The ballot went off very peacefully. Now we will have to continue working hard

to maintain our position on the shopfloor and to keep worker support." The victory has buoyed Hansa's confidence. He says NUTW has requested secret ballots at a number of other factories and that the GWIU will agree to participate.

An NUTW spokesman comments "We asked for a ballot because of the difficulties we have had with the GWIU's closed shop agreement and with getting onto the clothing industry industrial council. The workers voted for the union of their choice. But it must be borne in mind that we did not set out to smash the GWIU and that we did not start organising at Natal Overall — the workers came to us."



# Clothing firm in difficulty retrenches 60

*184*  
Labour Reporter  
ABOUT 60 workers from a Durban clothing firm — the third within weeks to experience financial difficulties — have been retrenched after the factory closed down

An application for the sequestration of the estate of Mr Edwin Bradfield, of Bradfield Clothing Manufacturing Co in Moore Road, Durban, is expected to be

made in the Supreme Court today

Approached for comment at his Glenwood home last night, Mr Bradfield said the factory closed down 'about three weeks ago'

Mr Yunis Shaik, deputy general-secretary of the Garment Workers' Industrial Union, an affiliate of the Trade Union Council of South Africa, said the union had been informed of the closure

Meanwhile, more than 500 former employees of the Lockhat group — among the 1 500 who lost their jobs when the group's seven companies folded about three weeks ago — have found new jobs so far, according to Mr Shaik

The union was still trying to find jobs for the others, but its task had become more difficult by the recent spate of dismissals from other

clothing factories  
- We are virtually back to square one, but nevertheless we are still hopeful of placing most of them in jobs. The response from factory managers so far is very encouraging

'We have set aside staff in our department to telephone all clothing factories to try to find employment for as many people as possible'

June 1985

Mercury

# 300 laid off as clothing factory closes

Labour Reporter

ABOUT 300 workers lost their jobs in Durban yesterday when another major clothing factory closed its doors for the last time

Employees of Elite Clothing Manufacturers were handed their termination notices and told to call at the factory on June 17 to collect their pay

Mr J G Ratcliffe, the company's managing director, was not available for comment, but in the notices, he said 'Unfortunately, due to the current shortage of work, it has

become necessary to reduce staff

'We hereby give you notice of our intention to terminate your employment with Elite Clothing on June 7. When business improves jobs will be available again. Please keep in touch with your supervisor.'

The factory made men's and boys' wear, including the well-known brand names of Elder Sports, Statler, Gates, Bogarts, Dalton Casuals, Young American, Cartel and Trend 400

The closure came as a shock to workers. Outside the factory in Chamberlain Road, Jacobs, worried workers milled around in groups pondering over their future

A divorced Inanda mother of six and former checker at the factory, Mrs Elsie Mchunu, said 'I don't know what to do. I do not have any money for food for my family this weekend, let alone for my rent of R20 which is already overdue'

Mrs Harriet Nene, a mother of seven and sole supporter of her family, said she was 'penniless'

Several Indian employees said they did not have money to pay their rent and light accounts

Mr Yunis Shaik, deputy general-secretary of the Garment Workers' Industrial Union, said the company's lawyers had advised the union that the company would apply for provisional liquidation, possibly next week.

'They said the company was not in a position to pay workers because of insufficient funds. The matter has been referred to the Industrial Council,' he said



Some of the staff of Elite Clothing Manufacturers with their termination notices yesterday



Mrs Elsie Mchunu, a divorcee and a mother of six, is among those dismissed by Elite Clothing Manufacturers in Durban.

# Downturn in economy has hit clothing firm

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NM 13/6/85

## Court Reporter

A DURBAN clothing firm, which, according to its managing director had traded viably for 25 years and had 'enjoyed a fair reputation as a manufacturer', was placed under a provisional liquidation order following an application made in the Supreme Court, Durban, yesterday

An order for the provisional liquidation of Elite Holdings (Pty) Ltd, which operated factories in Chamberlain Road, Jacobs, and Gale Street, Durban, was granted by Mr Justice Shearer

The rule nisi is returnable on July 16

In papers before the Court Mr David Peddar, managing director of Elite Holdings, said the company had been affected by the downturn in the economy since the beginning of 1983 and had experienced a drastic reduction in orders

The directors had been forced to borrow R500 000 to assist the company in what they had believed was a short-term downturn in the economy

In an attempt to achieve profitability the company had contracted with certain customers for the manufacture and supply of clothing during the 1984 financial year

However, six months after production had begun the company's directors had discovered that their pricing structure had been based on incorrect accounting information. Notwithstanding the error the company's profit between July and

December 1984 was R9 000

Mr Peddar said during 1985 the company had experienced great difficulty in obtaining orders and at present had only been able to obtain orders for R750 000 for the remainder of 1985

He told the Court that on June 5 the company's directors had advised the 375 employees to return to work on June 17 by which time it was hoped that there would be sufficient orders to enable the factories to continue operating. However there were not sufficient funds to pay the wages which were due

Mr Peddar said the company's assets were approximately R927 000 and its liabilities were R1 333 000

Mr P Meskin, instructed by Merret and Berkowitz, appeared

In another matter the Judge granted a provisional liquidation order, returnable on July 26, against a Clairwood clothing wholesaler, Tempest Clothing Co (Pty) Ltd after an application had been made by Merchant Shippers SA (Pty) Ltd

In an affidavit Mr Ian Bailey, an accounts executive of Merchant Shippers, said Tempest Clothing Co had guaranteed an amount of R1 467 000 owed by College Clothing Manufacturers (Pty) Ltd which was now in liquidation. The debt had not been paid by College Clothing and accordingly Tempest Clothing was liable to pay

Mr A K Kissoon Singh, instructed by Zubeda K Seedat & Co, appeared

Mixed  
some confusion  
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like Stellenbosch Farmers' Winery (SFW) and Distillers Corporation for national marketing

Liquor retailers fear that the recent decision by Simonsvlei Co-operative to stop direct supplies to bottle stores is just the "tip of the iceberg," and that other co-ops and estates will be forced to follow suit

Indeed, the *FM* learns that they already are. Bottelary Co-op manager Danie Zeeman says "Along with other co-ops, SFW asked us to stop selling directly to liquor stores"

He says it was implied that if Bottelary did not stop supplying retailers, SFW could stop buying its produce. "As SFW was buying 95% of our crop, it was best to go with their request.



**Solly Kramer's Hooper ...  
Cheaper wines going**

"The bad economy and the fact that co-op wines were stealing market share from the wholesalers were probably part of the reason for SFW's request," says Zeeman

Over the years KWV chairman Pietman Hugo has said the KWV does not defend the practice of co-ops marketing through bottle stores, and he reiterated this view at last week's KWV annual meeting. "If they sell through the bottle stores, they must bear the consequences," he tells the *FM*.

SFW's producer director, Francis Bayly, says SFW has constantly asked co-ops to bring their store prices in line with wholesalers'. "As we sell less, so we will buy less of the co-op's excess crop, and they will suffer," he says.

Solly Kramer's (SK) pioneered the marketing of co-op wine in the mid-Seventies, and this sector has become a major contributor to wine sales. In SK's Pretoria region alone co-op wines account for up to 40% of wine sales

SK MD John Hooper says a SFW riesling

can sell for up to R4/bottle, while a co-op riesling would cost around R1,60 "Both wines could be made from grapes from the same co-op, and are similar in quality," he adds.

It seems that the wholesale giants' advertising, marketing, bottling and labelling costs make for this wide gap in price

Simonsvlei GM Sarel Rossouw defends the decision to stop supplies to retailers. He says "The merchants offered to buy our wines, and after weighing up the benefits, we chose to stop selling directly to retailers

"We want to keep prices as low as possible to promote wine sales, and feel we have now played our part

"We needed to expand, and there are better profits if we sell in bulk — by container lots Like other co-ops, our wines will still be available from the estate either over the counter or by mail-order," he adds.

The Rebel liquor chain will still sell Simonsvlei with personalised labels for customers, and Hooper says SK is pushing for a similar deal

Marketing director Dick Coleshaw insists that SFW does not pressure winemakers to stop selling to retailers "We can't buy all their crop anyway" SFW, he adds, determines how much wine it needs each season, and goes out to find the best available. ■

## CEMENT WAR

### Back to battle

The cement price war in Natal between importers Cement Enterprises (CE) and local supplier NPC has flared anew

In April, it seemed that the combatants had reached a compromise CE raised its selling prices in the Natal interior, and NPC responded by dropping the discounts it had been offering since the importers entered the market

Now NPC GM Mike Doyle admits they misread the signals CE, it appears, wasn't waving the white flag at all It was merely reacting to a short-term stock shortage and was attempting to cool down demand with higher prices.

As a result, NPC this week reinstated the discounts — at an even more attractive level on bulk purchases The ex-factory selling price of bagged PC 15 drops 15% to R3,82/bag and the bulk price goes down 20% to R63,40/t

Doyle warned builders not to quote on long-term contracts on the basis of the new price, because the discounts could be "withdrawn at any time," but NPC is clearly digging in for a protracted price war

A new 38 000 t cement shipload has arrived in Durban, and Doyle suspects CE is cutting prices to boost offtake in a recessionary market

"Naturally this affects us," says Doyle. "Cement is a capital-intensive business and very vulnerable to volume. We at least have to maintain our volumes to protect our

R175m investment at Simuma in Port Shepstone."

Though NPC's margins must be under pressure because of the price-cutting, long-term it appears to be in the stronger position CE supplies markets all over Natal, but essentially, Doyle contends, the fight is over Durban market share

Durban, he estimates, has the capacity to absorb 600 000 t of cement a year — and NPC cannot supply it all In addition, associate company Slagment should be blending raw cement into milled slag at its newly commissioned milling plant in Newcastle by September

This should take care of direct sales to the northern Natal and Midlands markets, long a problem area in terms of supply. If the strategy is successful, importer CE could well be left in the cold. ■

## CLOTHING INDUSTRY

### Cramped for space

As if clothing manufacturers don't have enough problems, it now appears that they are getting short shrift from retailers on shelf space

However, Mike Getz, national president of the SA Clothing Federation, maintains retailers are merely reacting to perceived changes in consumer buying patterns

The price of clothing, he says, is rising faster than many other items Consequently, consumers are buying less, and retailers are responding by giving more shelf space to faster-selling, higher-margin merchandise.

Coupled with the recession, the effect on clothing sales has been dramatic Retail clothing sales have not grown in real terms since 1980 A poll conducted by the Bureau for Economic Research at Stellenbosch shows that 71% of clothing manufacturers are expecting further declines in sales for the rest of the year.

According to Getz, the industry experienced an aggregate contraction of some 16% between 1982 and 1984 — compared with a 1% contraction in consumer spending on clothing and footwear and a 5% growth in total private consumption expenditure over the same period

He places the blame for the rapidly increasing clothing prices on the raw-material suppliers and, to some extent, retailers' margins and gst. By contrast, he says, manufacturers have attempted to hold down costs wherever possible.

"In the first quarter, 93% of clothing manufacturers were faced with increased raw-material prices, whereas only 70% were obliged to increase the selling prices of their production

"Last year, the industry managed to keep its average price increase to 8% — well below the inflation rate and the cost of raw material and labour inputs"

Many clothing manufacturers are looking to the export market to bolster declining



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domestic sales. Although at least half was ex-homelands, last year's R72m of clothing exports was 112% up on the previous year. Certainly the weak rand makes export markets attractive. On the downside, however, is the high cost of locally sourced raw materials and the higher average tax rate.

Getz believes that for the industry to achieve significantly higher sales volumes, it will have to "work on local raw-material prices and taxation, and come up with better marketing and merchandising strategies."

Says Getz "Some people see the export market as a panacea. I contend that before we can have a secure export market, we have got to solve some of our domestic problems first."

### PENINSULA LAND

## Questions for Wiley

The Cape peninsula land holdings of Environment Affairs Minister John Wiley have become one of those issues that will not go away. Rumours have circulated for years about his property known as the Chaplin Estate in Noordhoek and now the Opposition is beginning to press for some answers.

At the core of the controversy is the fact that the Minister has the final say over any development permissible in the huge tract of land comprising the peninsula nature area — about 75% of the peninsula south of Table Mountain — and he is also a property developer.

PFM environment spokesman Roger Hulley is demanding replies to questions he raised in Parliament two weeks ago on the exclusion of Chaplin Estate from the nature area. The facts as set out by Hulley and paraphrased from Hansard are as follows.

During early 1981 a committee established to define boundaries of the planned peninsula nature area proposed the whole of the Chaplin Estate above the Noordhoek main road be included. In March 1981, Wiley acquired an option to purchase the estate and applied to the Cape Divisional Council for approval to subdivide about 100 ha into 45 smallholdings.

Subsequently, on July 16 1982 a meeting of the interim management committee for the proposed Peninsula Mountain Nature Area adopted a recommendation that the original proposed boundary should be accepted with the exclusion of two areas reserved for Kaolin mining. No land on the Chaplin Estate was excluded to allow for the development of housing or township subdivision.

In spite of this formal recommendation, the subdivision application was approved 13 days later at an unscheduled meeting of the council's housing committee.

Hulley said in Parliament that one of the councillors at the meeting asked how the issue got onto the agenda and was told Wiley had phoned and asked the chairman to get it on.

## BID TO SAVE DAIRY CHAIN

A consortium of Natal farmers and businessmen is rallying round to save the national Creamline Dairies chain (and the jobs of more than 1 300 employees) from insolvency.

Two of the companies in the group, Creamline Dairies and Creamline Natal Melkery, are applying for provisional liquidation in the Durban Supreme Court on Wednesday. But the rest of the group will continue to trade on a cash basis, and there will be no immediate retrenchment if the restructuring is successful.

Creamline has liabilities of some R20m, excluding contingent liabilities, and the book value of assets is about R11m, which would sharply reduce in value if the group ceased trading.

The group's problems were caused by high borrowings and "crippling" interest

rates.

Creamline chairman and MD Theo Reynecke believes it is imperative for the company to continue to trade while in liquidation so that milk supplies are not interrupted. "Our creditors are being asked to support this move," he says.

Consortium member Russell Stevens is confident they have the expertise and financial support to solve the company's problems while a full investigation is completed.

"The reconstruction move has the support of major creditors, including bankers," he says. Creditors will be asked to consider an offer of compromise in the next 6-8 weeks.

Creamline has dairies in Pinetown and Pietermaritzburg and in four Transvaal towns.

Had the subdivision not been approved, Hulley maintained, "the present Honourable Minister in his capacity as a developer would have had to put a proposal to himself in his capacity as Deputy Minister at that stage."

About this time, Hulley acknowledged, Wiley issued a public announcement that he had a personal interest in the estate and recused himself.

Two months later Constitutional Development and Planning Minister Chris Heunis had issued a press statement with a map showing a basic outline of the proposed nature area excluding the Chaplin Estate. Today the nature area has been proclaimed and the boundary excludes the large part of the estate now owned by Wiley, and the marketing of his subdivided township is well advanced.

Hulley asked what transpired to override the boundary recommendation of July 1982. He also called on the Minister as a major

property developer to recuse himself from dealing with all property development matters in the peninsula.

Wiley's reply was that parliamentary privilege was being used to insinuate improper conduct on his part although he had given full details, publicly, on the land holdings. Hulley, he said, should be aware of the "various procedures" that were open to him both in and out of Parliament if he had any allegations to make.

There the matter has rested. Hulley, however, says he is entirely dissatisfied with the Minister's reply and will be reopening the matter because "it cannot be allowed to go unresolved."

### RUBBER

## Losing bounce

Locally-made industrial rubber products (irp), notably conveyor belting and hose, will cost an additional 5%-6% from this month.

The price hikes in the R380m/year local irp market come hard on the heels of an 8% increase by local tyre manufacturers after cash-strapped Karbochem, sole supplier of synthetic raw rubber to the industry, was forced to push up prices by 14% last month. This brought its raw material price increases since last September to 47%.

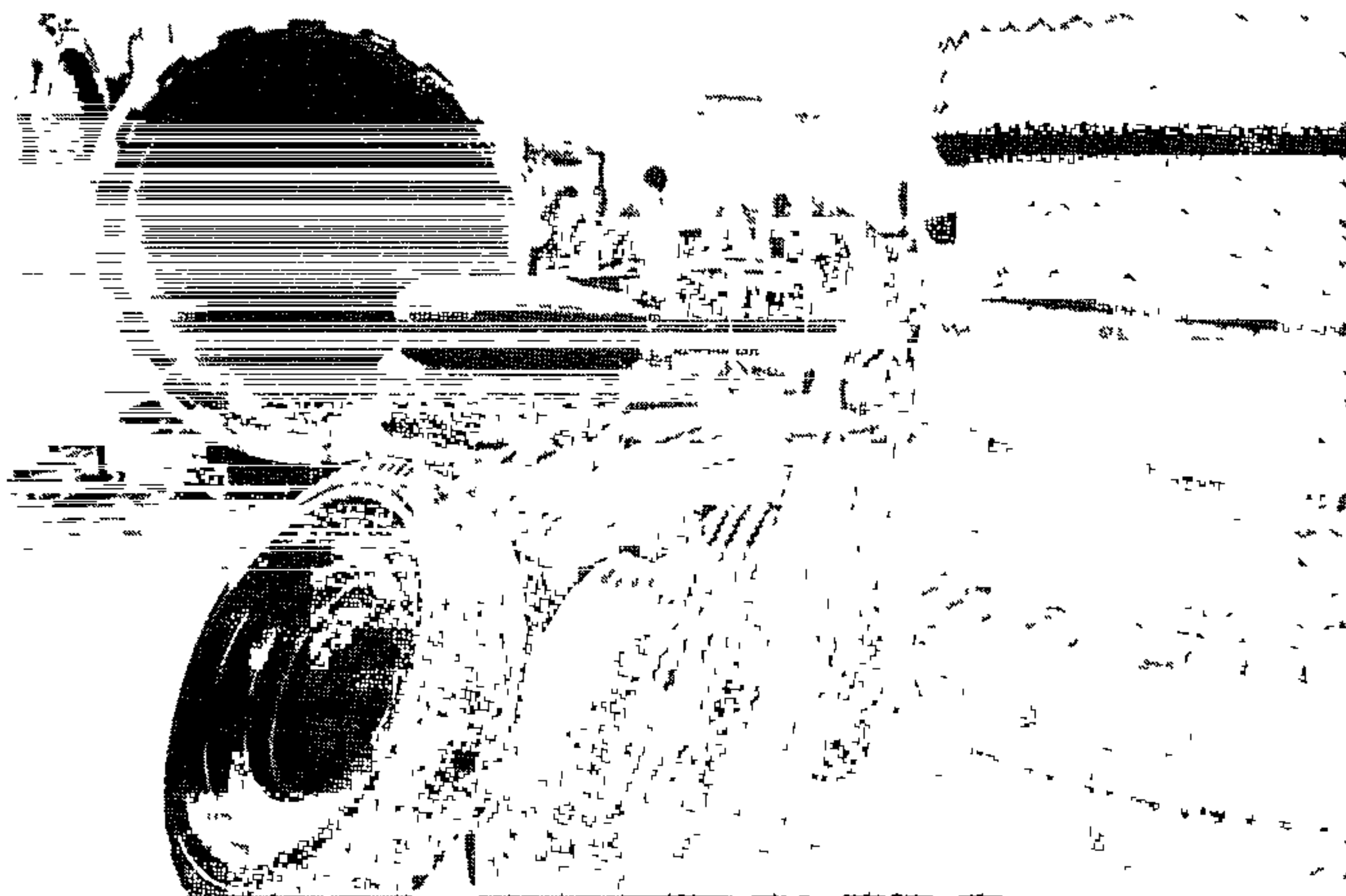
The real rub for local manufacturers comes from Karbochem's status as a strategic industry, which gives it protection against imports.

Local converters, including tyre manufacturers, are now getting hammered from both sides. Granville Nicholson, chairman of both the Industrial Rubber Manufacturers' Association and SA Tyre Conference, says converters face strong competition from rapidly increasing cheap imported products while having to buy expensive local synthetic rub-



Environment's Wiley ... to be quizzed again





### Rubber products ... imports still making inroads

ber.

He concedes that government has done some tightening up on irp import permits but holds that they are still too easily obtained by importers, including the mines. The result is that cheap imports are still making inroads into the shrinking tyre and irp markets.

Despite the willingness of almost all converters to support Karbochem, they want to know why government bestowed strategic status on the synthetic rubber monopoly

According to Karbochem MD Roy Pithey, about 85% of the variable costs of synthetic rubber production is made up of imported raw materials.

Therefore, says Nicholson, government should rethink its position on protection and imports. "It comes down to whether government wants an industrial or trading SA," he says.

But Pithey blames the low rand for the heavy increases. He points out that Karbo-

chem's isoprene rubber, based on acetone from Sasol, has gone up only 3,5% since last September. But the company was forced to import feedstocks for other rubbers after Sasol stopped producing monomers butadiene and styrene two years ago.

Stewart Blackstock, MD of BTR Sarmcol (BTRS) — SA's biggest converter with 14 000 different irps — has already approached Karbochem and government on the "strategic" issue. But, so far, there has been little reaction.

Blackstock says imports, which account for about R130m of the R380m/year irp market, are growing while local sales are generally declining in line with the economy.

BTRS has endured a double blow — Karbochem's price hikes and the sacking of most of its 950-strong labour force on May 3 as a result of a labour dispute. Since then 800 workers have been replaced and production is back to half — but only after a traumatic month which saw typists driving forklifts and the company doctor making conveyor belting.

And now it faces increased consumer resistance to its own price increases. "We have no option," says Blackstock. "Conveyor belting and hose will go up by 5%-6% immediately."

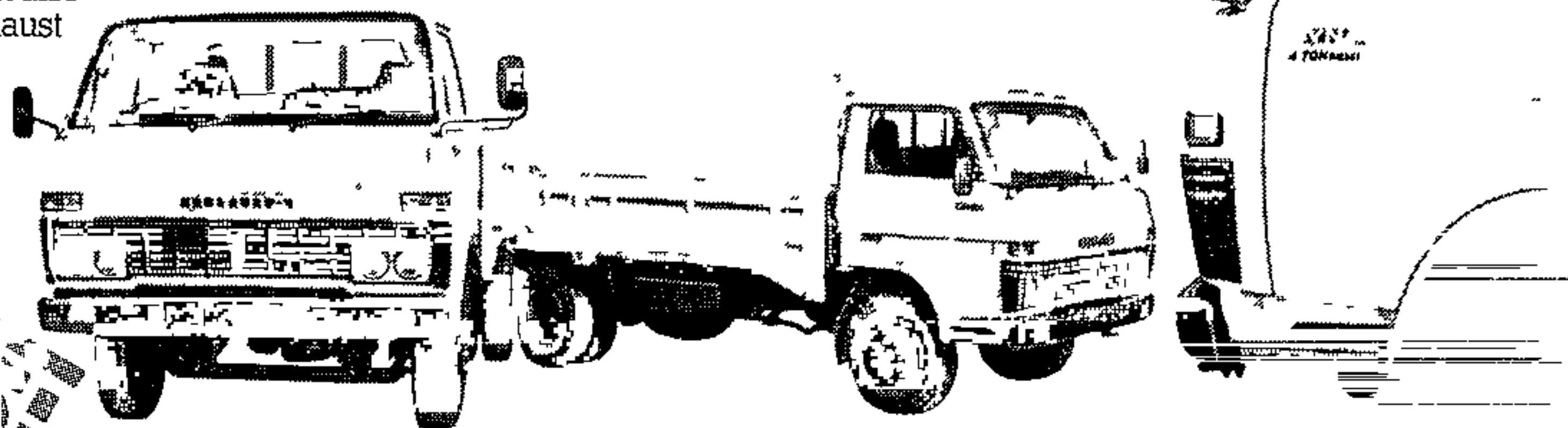
While the two products account for 60%-65% of BTRS's turnover, new prices for the rest of its 14 000 lines have not been determined. These will be phased in because they

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**English ... reviving Xerox with skills learnt at Ford**

by Ford), as a management trainee, completing his cost and management accounting degree in two years. He then joined Ford Britain's component manufacturing subsidiary in 1963 as financial controller, and left to help set up Essex-based Ford Europe

On the disinvestment question, English says Xerox will "fight to stay in SA. Commercial business must be free to operate anywhere in the world." This year, the company will spend R4m on education, housing and other social projects

In the meantime, English will cut Xerox's overheads "The staff have been too extravagant," he laughs. In the same breath, he says business must be fun "and successful businesses usually are. Like any manager, I don't like being associated with an unsuccessful venture, and plan to open Xerox's management style so that staff make recommendations for change and voice their criticisms there doesn't seem to be enough of that going on"

**CASSIM PARUK**

**Going bang**

Cassim Paruk, MD of Lockhat Bros of Durban, has the unenviable task of presiding over the collapse of his family's 75-year-old business

One of the "big five" clothing manufacturers, with subsidiaries in wholesaling and property development, the group went to the wall last week with debts of R21m, including a R8m forex loss. 1 500 workers, some of whom had been with the company for 40 years, stood in shocked disbelief when Paruk told them he was putting the company into liquidation

It was a sad moment for Paruk, who was well aware that finding replacement jobs in the current recession-hit clothing industry isn't going to be easy. However, he points out that the decision to opt for liquidation wasn't taken lightly

Ironically, Lockhat Bros traded through the recessions of the Thirties, mid-Sixties and Seventies with few major upheavals. But the current recession, Paruk contends, was different because it was accompanied by high interest rates and fluctuating exchange rates. And this is what hurts most

It wasn't trading difficulties that got the group into a tight spot. They were in a profitable trading situation and had a full order book until August. The blame, he says, lay more with punitive interest rates and the gyrating rand/dollar rate. In that respect at least, Lockhat Bros is in good company as forex losses have also unseated some major public companies

"If bankers and executives in top public companies didn't know what was going to

happen to the rand, how was an ordinary businessman like me supposed to know?" he asks. "In the end we weren't trading any more. We spent more time worrying about what the rand was going to do. Every time the rand gained a cent I saved R40 000. Every time it shed a cent I lost R40 000. I was having sleepless nights"

Paruk stresses he's not intending to "sound sour" or shift the blame for the company's difficulties elsewhere, but his, he says, is a typical case of bankers offering umbrellas when the sun is shining.

Lockhat Bros, he says, had a \$7m loan at 10% — part of which was overdraft — which his bankers were insisting should come on-shore by August. The difference in the interest rate and the conversion to rands he estimated would cost him an additional R300 000/month in interest payments alone

"There's no way that we could have met that kind of commitment. We pleaded with them to leave the facility intact but they weren't interested. Rather than continue to trade and run down assets and increase liabilities until we were hopelessly insolvent, we decided to put ourselves under," he says

The experience has left Paruk with little stomach for the manufacturing business — even if portions of the group could be salvaged, which he doubts. Anyway, he says he has stronger instincts as a trader

He began his business career in his father's retail business in Grey Street. Later the family branched into manufacturing and wholesaling. Ten years ago they merged their operations with their cousins, the Lockhats. Three years ago Paruk took over from the ailing patriarch of the Lockhat family.

As for creditors, he doesn't expect them to come out of the current debacle well. "Assets fetch nothing when they go under the hammer in a forced sale," he says. "Then there's the liquidator's and auctioneer's fees which have to come off the top"

And what of the future? "Well I suppose we'll try and make a start again in some small way," he ventures cautiously. "But a lot will depend on the benevolence of our creditors." And, no doubt, whether he can still find financiers after his brush with the banks



**Paruk ... opting for liquidation wasn't easy**



# 500 axed workers march in protest at lack of payment

Labour Reporter

ABOUT 500 workers of Elite Clothing Manufacturers, who lost their jobs two weeks ago after the company closed down, marched to the factory in Gale Street, Durban, yesterday to demand their outstanding pay.

When their services were terminated on June 7, they were told to call at the factory yesterday to collect their pay, but when they arrived at 7 a.m. they found the place locked.

A notice on the front gate stated that they should get in touch with the Industrial Council.

Mr Frankie Hansa, general secretary of the Garment Workers' Industrial Union, said the workers were angry at what they had found. They immediately came to the union offices where they had a meeting in the Bolton Hall, he said.

After the meeting they marched to the factory, chanting and carrying banners, which stated 'We want our wages,' 'We worked, pay us now,' 'We are hungry and penniless,' and 'We don't have money for rent — we'll

be thrown out of our homes'

The group assembled outside the locked factory gates and demanded a meeting with management. But after an hour-long wait, Mr I. Whiteford, a spokesman for the firm of liquidators, arrived and addressed them.

He told the crowd, which became rowdy at times, that the factory closed down and had been placed under provisional liquidation in the Supreme Court.

The company did not have funds to pay its workers, but they would be paid once sufficient assets of the company had been realised. There were angry rumblings from the crowd when he said he did not know how long it would take before they got paid.

Their unemployment cards had been handed to the union and they should keep in touch with the union which would make representations on their behalf for claims from the Unemployment Insurance Fund.

The doors were opened later for the workers to remove their belongings.



Mr I Whiteford, a representative for a firm of liquidators, speaks to protesting workers through a loudhailer outside the locked Elite Clothing factory in Gale Street, Durban, yesterday.



## Retrenched garment workers get 'good deal'

Labour Reporter NM 29/6/85  
ABOUT 80 workers at Natal Underwear Manufacturers Ltd in Jacobsburg were paid off yesterday in a move to cut back on staff. Miss Margaret Rajbally, senior organiser of the Garment Workers' Industrial Union, said the company had informed the union of the retrenchments but there was no way the dismissals could have been averted.

Originally about 97 workers were affected, but 17 were later placed in alternative jobs within the company. 'We also managed to secure a very good deal with regards to severance pay and pension payout,' she said, adding that those with more than a year's service but who had worked for the company for less than five years received two weeks' pay. Those with more than five years' service but less than 10, received four weeks' pay, and those with more than 10 years' service got six weeks' pay. She said the firm had been kind enough to pay back employees' pension contributions in addition to the company contribution.

AKes 29/6/85

# Cheap clothes swamp W Cape

PETER FABRICIUS

Weekend Argus Reporter

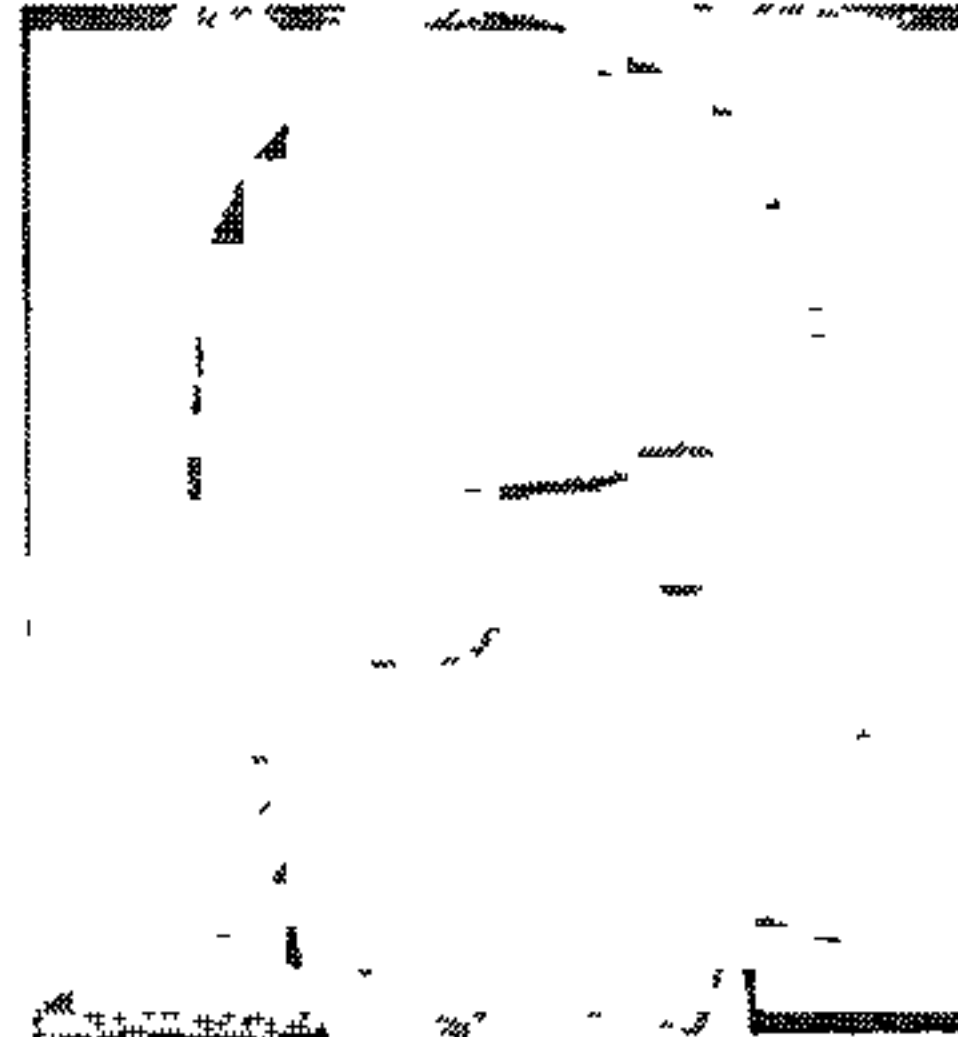
CHEAP clothes made in the homelands with the advantage of massive Government decentralisation subsidies are jeopardising the survival of the Western Cape clothing industry — one of the biggest employers of labour here.

This is the opinion of Mr Mike Getz, chairman of the National Clothing Federation

The homeland companies — many of them Taiwanese — compete at an immense advantage in the local market, he says. Their wage subsidies in many cases exceed their wages bills so that they profit from them.

The Government gives them R110 per worker per month while the average monthly salary of a homelands clothing worker is between R60 and R70.

"The homeland companies also get considerable help in setting up their factories and do not pay duty on fabric imported, because the manufactured clothes are supposed to be exported outside South Africa.



Mr Mike Getz.

"The subsidies were intended to help companies to export to countries outside South Africa. But the intended markets have gone soft and the companies are now turning to South Africa."

Clothing industry organisations have begun investigating reports that local retailers have placed several large orders with homeland manufacturers.

Mr Getz said the huge advantage to homeland manufacturers put the local industry under a serious threat.

In the Western Cape alone gar-

ment-making employs 60 000 people, which is one-third of the industrial labour force. It employs 120 000 countrywide.

The clothing trade suspects that on some homeland clothes being dumped in South Africa people are avoiding paying duty — thus gaining yet another advantage over the local products.

Members of the trade are especially annoyed because they feel they are helping to subsidise this competition through the high taxes they pay. "Manufacturing tax in this country is phenomenally high compared to developing countries and the First World," Mr Getz says.

"The decentralisation incentives were designed to create extra jobs in the national states and not to exchange these for jobs in South Africa," Mr Getz said this week.

"There is now direct competition for jobs between Ciskei, Transkei, and other homelands on the one hand and South Africa on the other."

It has been estimated that it costs six times as much to create a job in a homeland as in a city like Cape Town.



# Competition hits knitwear firms

By AUDREY D'ANGELO  
SOUTH AFRICAN knitwear firms have been hit by unfair competition from the Ciskei, where manufacturers pay no import charges for their raw materials and are subsidized by taxpayers in this country, the chairman of Burlington Industries, Mr Philip Kawitzky, said at the annual meeting yesterday.

He said his own group was not affected by this because it catered for the top-end of the market, but chain stores in South Africa were buying cheaper lines from the Ciskei while some local knitwear firms were going out of business.

The managing director, Mr Perry Kawitzky, said that in spite of the weakness of the rand, South African retailers were still buying high quality knitwear and other clothing from the Far East, where manufacturers enjoyed the economies of scale.

"They are trying to do more business with South Africa because quotas are causing them to lose business with America."

He was not asking for tariff barriers to keep this competition out, but

it was unfair that local manufacturers should be handicapped by high import tariffs on yarn and fabrics when their overseas competitors were not.

The chairman said that doing away with the financial rand was to blame for a lot of South Africa's economic troubles.

And he thought that the government, in its fight against inflation, had gone too far in draining spending money from the system, causing firms to shut down and unemployment to rise.

"The political unrest we are experiencing now comes from unemployment, and the more unemployment there is, the more unrest there will be."

Burlington Industries itself had been forced to lay some employees off, in addition to not replacing some who left.

But there were no plans to retrench any of the 600 remaining employees.

The group had "a very substantial and satisfactory order book" for the first four months of the current financial year.

Unless there were undue economic pressures

and a rise in unemployment, trading should show an improvement in the current year, "and we hope we will be in a position to have dividends".

In the year to May, the group made a net loss of R408 875 compared with a profit of R149 769 the previous year.

The interim dividend was 2,5c and the final dividend was passed.

## Rand firms

JOHANNESBURG — The rand closed slightly firmer at \$0,5095/5105 in very quiet month-end trading, as the dollar weakened after the release of the latest United States merchandise trade data and leading indicator figures, dealers said.

A slight strengthening in the gold price also helped the rand.

Against other major currencies, the rand closed at

US: 0,5095/5105

UK: 2,5720/40

Germany: 1,5430/50

Switzerland: 1,2930/50

Netherlands: 1,7380/400.

France: 4,7050/7100

Japan: 126,50/70

— Reuter

# SA firms hit by Ciskei — claim

**Dispatch Correspondent**  
CAPE TOWN — South African knitwear firms have been hit by unfair competition from Ciskei, where manufacturers pay no import charges for their raw materials and are subsidised by South African taxpayers, the chairman of Burlington Industries, Mr Philip Kawitzky, said at the annual meeting at the weekend.

He said his own group was not affected by this because it catered for the top end of the market, but chain stores in South Africa were buying cheaper lines from Ciskei while some local knitwear firms were going out of business.

The managing director, Mr Perry Kawitzky, said in spite of the weakness of the rand, South African retailers were still buying high quality knitwear and other clothing from the Far East, where manufacturers enjoyed the economies of scale.

"They are trying to do

more business with South Africa because quotas are causing them to lose business with America."

He was not asking for tariff barriers to keep this competition out, but it was unfair that local manufacturers should be handicapped by high import tariffs on yarn and fabrics when their overseas competitors were not.

The chairman said that doing away with the financial rand was to blame for much of South Africa's economic troubles.

He also thought the government, in its fight against inflation, had gone too far in draining spending money from the system, causing firms to shut down and unemployment to rise.

"The political unrest we are experiencing now comes from unemployment, and the more unemployment there is, the more unrest there will be."

Burlington Industries itself had been forced to

lay some employees off, in addition to not replacing some who left.

However, there were no plans to retrench any of the 600 remaining employees.

The group had "a very substantial and satisfactory order book" for the first four months of the current financial year.

Unless there were undue economic pressures and a rise in unemployment, trading should show an improvement in the current year "and we hope we will be in a position to have dividends."

## PAC death

GABORONE — The chairman of the Pan Africanist Congress, Mr John Nyathi Pokela, 59, died in Harare yesterday.

The PAC's chief representative in Botswana, Mr Nyembezi Mzothame, disclosed Mr Pokela's death last night. The cause of Mr Pokela's death was not yet known, he said — Sapa



# Union duty to represent views of the workers

From ZUBEIDA JAFFER, General  
Secretary, Clothing Workers  
Union (Cape Town).

I WISH to reply to the comment of Mr  
Cedric Petersen, secretary of the  
Garment Workers Union, in the Cape  
Times of July 20

He objects to our union's criticism  
of the lack of retrenchment proce-  
dures presently in the clothing indus-  
try

We have ample evidence to prove  
that no accepted procedures exist. It  
is indeed horrifying to note that he  
claims to represent the views of  
53 000 clothing workers and in the  
same breath goes on to explain how  
all employers cannot be expected to  
adopt the same procedures

If Mr Petersen knows anything  
about trade unionism, then he would  
know that his responsibility is to ex-  
press the views of the workers and  
not the employers. He accepts one  
rand a week from every clothing  
worker in Cape Town because he en-  
joys the luxury of a closed-shop  
agreement. Yet he uses his energy to  
put the view of the employer and not

the worker

He explains that no employer has  
retrenched workers under pressure.  
Whom do you speak for Mr Petersen?  
What about the pressure on the work-  
ers?

Mr Petersen's unrepresentivity  
is unquestionable in our view

It is sad to note that despite evi-  
dence to support such a view, em-  
ployers choose to carry on a relation-  
ship with a union that inadequately  
represents the feelings of their work-  
ers

This is in spite of the present criti-  
cal situation that the country is in

It is indeed disheartening that a  
big company like Rex Trueform will  
hide behind Mr Petersen at a time  
when they should be seeking proper  
discussion with their work force

To any clear-thinking person it will  
be evident that the union has a  
record of co-operation with employ-  
ers at the expense of the workers

Our union believes in the regula-  
tion of relations between employers  
and workers to the satisfaction of  
both

184 ~~1256~~ ~~1256~~

# Clothing firm's closure costs 2 000 jobs

By AUDREY D'ANGELO

COMPETITION from new firms set up in the Ciskei and Transkei with development aid has forced W & A Investment Corporation to close its knitwear manufacturer, President Knitting Mills, and some divisions of its uniform manufacturer, H J Henochsberg, its chairman, Mr Manny Simchowitz, said yesterday

"Our factories were set up years ago and our concessions have run out

"We could not compete with firms which have just been set up with decentralization grants and concessions"

Mr Simchowitz said it did not make economic sense for the group, which had assets of R500m, to continue with the clothing operations

when money could be invested more profitably elsewhere

The President Knitting Mills had been run down over a period of six months

The two clothing firms had assets of R10m and the closures have meant the loss of about 2 000 jobs

Mr Simchowitz said it was tragic that the system of giving grants and concessions to factories in the new homelands, while those given to established industries ran out, meant that workers who were already skilled and productive should lose their jobs while others were created for unskilled people with a lower level of productivity

Unemployment and the increased risk of unrest which it brought, was "the sad side of the

coin" in the government's fight to bring down the rate of inflation

Although it was important to bring down inflation, "I feel unemployment is a greater evil"



# 'Modest' job losses at clothing company

By EBRAHIM MOOSA

NEARLY 70 clothing workers at Rex Trueform will be laid off in the next few weeks, a spokesman for the company said yesterday

Mr A M Rosenberg, personnel director for the company, said the company considered the number of workers to be retrenched to be "very modest and small"

The overall slump in the clothing industry and a decrease in the number of orders had been the reasons for this action, he said

Mr Rosenberg dismissed claims by the Clothing Workers' Union (Clowu) that proper retrenchment procedures had not been followed

Ms Zubeida Jaffer, Clowu general secretary, yesterday said the union considered the retrenchment procedures adopted by Rex Trueform to be "illegal"

Workers had not been given ade-

quate opportunity to state their feelings on retrenchments, she said

"Employers in the Western Cape must exercise more social responsibility to alleviate the present crisis," Ms Jaffer said

"We are not convinced that Rex has made every effort to cut other expenses

"We will do everything to protect workers' jobs"

The union was considering taking industrial court action if proper retrenchment procedures were not taken by Rex Trueform This included consultation with workers and assistance to find another job if retrenchment became unavoidable, Ms Jaffer said

According to Mr Cecil Petersen, assistant secretary of the Garment Workers' Union (GWU), more than 7 000 clothing workers had left the industry since January this year

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GAT Times 11/7/85

# Strike into second day

NM 12 1985  
Labour Reporter

THE strike by hundreds of workers at the Scottford Mills, a clothing factory in Ladysmith, continued into the second day yesterday. The workers downed tools in support of their demand for a R25 a week increase in pay, according to a spokesman for the workers.

Mr Frankle Hansa, general secretary of the Garment Workers' Industrial Union, which has members at the factory, left for Ladysmith yesterday and could not be reached for comment last night. Management at the Ladysmith plant declined to comment.



**BUSINESSMAN OF THE WEEK**

**Clothing  
giant  
back in  
the black**

By TOM HOOD

AFTER 15 years in the red, one of the Cape's leading garment manufacturers is firmly back in the black

But the man called in three years ago to rescue the company, Mr Selwyn Kantor, modestly points out it once made a small profit — when judicial managers briefly ran the giant factory about 12 years ago

The House of Monatic at Parow is today humming, expanding its exports and even enlarging its work force of more than 2 000

But it was a "cancerous, sick, dying business" when Pepkor in 1981 bought the business, then the I L Back clothing group.

There was a huge manufacturing facility which someone could use as a resourceful asset, says Mr Kantor.

The plant was outmoded and the operation was not subjected to any housekeeping or discipline

"We had to reorganise and restructure every conceivable aspect, replan the entire factory, cutting rooms, sewing operation, warehouse and upgrade them to a high modern standard"

Vast improvements were made to product ranges which brought renewed support from customers

This showed up as a 50 per cent increase in forward bookings for both men's and women's ranges for summer and winter 1985. Bookings for



Mr Selwyn Kantor, chief executive of House of Monatic.

the summer ranges were 20 percent ahead and production capacity was fully booked for the rest of this year

The administration of the business was on similar lines — "it was programmed to deliver late or not to deliver at all"

But this changed and the administration is a highly logistical operation

Mr Kantor, a former managing director of another leading clothing company, says the last three years were like taking over a jumbo that had stalled on the runway.

"We have got it off the ground and it is flying but to keep it flying in the right direction is the most difficult thing of all.

"The House of Monatic can now claim to be among the best deliverers in the country. We have uplifted our merchandise and our administration is programmed to keep our promises. We deliver total orders on time and complete"

"In the retail trade there is an emotional attachment to the old brand names of this business and there is a need in this country for a manufacturer of our calibre"

In the last year Monatic has gained its market share and increased its manufacturing capacity. While the rest of the clothing industry was contracting, it was expanding

Today the order book is full for the rest of the year and the factory is working at capacity

Looking ahead to winter 1986, Mr Kantor reports a "highly satisfactory" market response to the group's ranges

"We have re-established ourselves with the market and I am confident we will write an improved order book for 1986"

# End to AECI strike expected

**Labour Reporter**  
THE six-week long strike by 600 workers at the AECI factory at Ballengeich in Newcastle is expected to end tomorrow, according to a spokesman for the company.

But a pay dispute by hundreds of workers at Scotford Mills (Pty) Ltd, in Ladysmith, continued yesterday as representatives of the workers and the management were still locked in negotiations.

Hundreds of workers at the clothing factory downed tools last Wednesday in support of their demand for a R25 a week pay rise, according to a spokesman for the workers.

Mr Frankie Hansa, general secretary of the Gar-

ment Workers Industrial Union, was still in Ladysmith yesterday and could not be reached for comment.

A spokesman for the Ladysmith factory said the manager was busy at a meeting and the company had no comment on the strike.

Mr Murray Joubert, spokesman for the AECI's Johannesburg-based company, said yesterday that following talks between the management and the South African Chemical Workers' Union, the 600 striking workers decided to return to work.

The 110 workers dismissed from four of the factory's plants during the strike had been offered re-employment and were expected to return

to work on Thursday.

Workers at the Chlor-Alkali and Plastics factory had been on a legal strike since June 3 in support of demands that the minimum pay at Ballengeich be raised from R373 to R408 — the level paid at several of the company's other AECI factories.

Union spokesmen could not be reached for comment yesterday.



~~184~~ Bakery staff set to strike

184 Strike action by more than 1 200 Durban bakery employees seems unavoidable after the breakdown of the latest round of talks with employers

At a meeting on Tuesday, employers made it clear they would not be able to increase their wage offer which guarantees a minimum weekly pay of R93,90 plus an across-the-board R11,40 weekly rise

In rejecting the employers' offer, the workers are demanding that all workers be granted a weekly pay rise of R23 and that night-shift allowance be doubled from 10 to 20 percent

Union asks workers not to apply for jobs

The Metal and Allied Workers' Union has launched a campaign appealing to the community not to take the jobs of about 2 000 striking workers dismissed by Siemens

The union has rejected the 14c-an-hour increase granted by the council and has instead asked for an R1-an-hour rise from Siemens

the community name after negotiations between the union and management were deadlocked yesterday

The chairman of the union shop stewards at Siemens, Mr Charles Mkhabela, said last night management's attitude was that there were thousands of blacks they could recruit

Siemens's joint managing director, Mr J Trotskie, said before yesterday's meeting the workers had been dismissed for intimidating staff

But because many of the workers were "loyal" the company would be willing to re-employ them

Wits lecture on dental implants



# Clothing industry foresees upswing

184

B. Day

18/7/85

By CHRIS CAIRNCROSS

THE worst of the recession is over for the clothing industry. Business conditions have at last bottomed out and there is a glimmer of light at the end of the tunnel.

The past six months have been appalling but we are now hoping to see some improvement from here on, National Clothing Federation president Mike Getz told *Business Day* yesterday.

He confessed it was difficult to predict exactly when the recovery would actually begin to materialise, or how strong it would be.

Manufacturers were, however, expecting retailers to come in with new or repeat orders for the summer trade that will be substantially higher than was the case over the last three years.

The drop in interest rates, which are expected to decline still further, before the year-end, and an improvement in exports have combined to inject a new spirit of optimism in the R1,8bn industry.

Manufacturers are hopeful retailers will see conditions in the same light and reflect this in placing orders.

The industry is, however, still a long way from being out of the woods, Getz warned. "You must remember that we have had three very poor years and we will be starting from an extremely low base. The rebuilding process will be slow."

Job losses through lay offs and other reasons have mounted to 12 000 over the past couple of years, reducing employment levels within the industry to about 110 000. This process now appears to have been checked.

Some recruiting is once again taking place, remarked Simon Jocum, chairman of the Cape Clothing Manufacturers' Association.

"The fact that 21 clothing manufacturers have gone out of business this year should also not be viewed with too much alarm, Jocum asserted.

"Given that there are 405 factories within the industry this number represents a small percentage."



# Strike ends as negotiation begins

N.M. 18/7/85

Labour Reporter  
A FOUR-DAY strike by more than 1500 workers at Scotford Mills, a clothing factory at Ladysmith, ended after the management agreed to negotiate wage demands with the workers' representatives

A spokesman for the Garment Workers' Industrial Union said yesterday that although the company had refused to accept demands by the workers for a R25-a-week across-the-board pay rise, it had agreed to negotiate with the union

The strike started on

Tuesday last week after workers from one department downed tools in support of their pay demands

By Wednesday the whole factory had come to a standstill. Union representatives held talks with the management on Thursday and Friday

On Monday representatives from the company's head office flew in from Johannesburg and a settlement was finally reached. All the strikers returned to work on Tuesday,' he said. Negotiations were continuing

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## HERSCHEL CLAREMONT, CAPE SCHOLARSHIP EXAMINATION

A scholarship of R800 per annum for five years is available for pupils entering Standard VI in 1986.

The examination will be held at the school on Saturday August 17 1985 and will include tests in English, Mathematics and General Knowledge

Application forms are available from the School Secretary (Phone 64-4010)

(AJ006684)

CONTRIBUTIONS AT EACH MEETING

17605 24/7/85  
**Fight on to save jobs hit by crisis**

Labour Reporter

THE fight is on to save workers' jobs in the very serious crisis facing industry generally, according to Zubeida Jaffer, general secretary of the Clothing Workers' Union

She was speaking yesterday at the second of a series of lunch-hour seminars during the Peninsula Technikon's labour week

She said employers in the clothing industry, who had for years been making vast profits, were facing an economic crisis and their only concern was to maintain profits instead of considering what could be done so that all could come through it with the least pain and enough to eat

"We are not saying there are not problems," said Ms Jaffer

"But the way we see it is that the workers are having to pay for the problems

"The situation in the Eastern Cape and Transvaal is not unconnected with the unemployment situation and one would expect that in a situation like this employers would exercise the utmost social responsibility to avoid worsening the crisis

"But we continually find that employers will dismiss workers without even following the basic procedures laid down for retrenchment"

PAROW  
TOKAI  
CLAREMONT

DE LA RE  
MAIN RO  
CORNER



# Clothing firm makes big cuts in city staff

## Labour Reporter

THE clothing division of the Kirsh Group has cut back heavily in Cape Town, closing two branches of Wanda Fashions, dismissing staff and cutting salesmen's commissions

Angry salesmen from all branches, after being told about the new commission structure at a meeting today, claimed their earnings would be cut by up to 50 percent while their workload would increase

They also said that about 35 administrative, maintenance and cleaning staff at the two branches which closed yesterday had been dismissed "with a minute's notice and one week's pay"

## Bought on terms

The salesmen said their present salary structure was a 17,5 percent commission on collections — money collected weekly for goods bought on terms — and 10 percent on sales over target

Management was now offering 12,5 percent on collections, 2,5 percent on collections if individual collection targets were achieved and a 2,5 percent sales bonus for reaching individual sales targets, provided the branch achieved total sales targets

Sales staff said earnings on the same sales and collections levels would be drastically reduced but they still had to meet their travel expenses out of earnings

Five remaining branches have been renamed Debonaire

They said that at a second meeting today Mr Hymie Sibul, chief executive of Wanda, had told them the terms were not negotiable

Mr Sibul was not available for comment

3/11/85  
7/3/85  
187

## Three convicted of treason

Own Correspondent  
JOHANNESBURG — An African National Congress member who underwent military training in Angola and two of his helpers were convicted of high treason in the Rand Supreme Court yesterday after pleading guilty.

The men are Marines Jabu Ngobese, 21, Meriman Mordecai Xolani Nduna, 24, and Zane Mvula Mabela, 25

Ngobese left the country in 1980 and after his military training returned in 1982 to store weapons and explosives in Soweto, Daveyton and Vosloorus.

The trial of eleven Sowetan men, also facing charges of high treason for ANC-related activities, has been separated into three trials and postponed to days in August, September and October

# Clothing industry is in tatters

By DICK USHER, Labour Reporter

CHEAP imports and the recession are wreaking havoc in the clothing industry and at least 4 000 jobs have been lost in the Western Cape in recent months

In the leather and footwear industry about 3 000 jobs have been lost nationally for the same reasons

And one major Cape clothing manufacturer is reported to be considering laying off about 1 000 workers as the recession bites deeper

Mr Simon Jocum, chairman of the Cape Clothing Manufacturers' Association, said today that a prime rate of 25 percent, an inflation rate of at least 16 percent and a weak rand were killing the industry

Half the costs in the clothing industry were imports — of yarn and other items — which had to be paid for in dollars

Mr Jocum also said the industry believed imports from Ciskei were finding their way to the local market

"The Ciskei gets tremendous subsidies from the South African taxpayer to encourage employment there, but effectively it seems that we are subsidising Ciskei to put people out of work in urban areas," he said

Mr Bobby Jacobs, chairman of Tej which last week retrenched 45 monthly-paid staff and put 292 workers on short-time, said the knitwear industry was particularly vulnerable to cheap imports.

"And it doesn't help that we have a Taiwan within our borders. Wages in border areas and homelands are much lower," he said

Mr Lous Peterson, general secretary of the Garment Workers' Union, agreed that Ciskeian imports were affecting the South African industry, mainly at the cheaper end of the market



ARGUS  
7/10/85  
(125) (134) (135)

# Court bid to jail unionists postponed

Labour Reporter

AN application by the Garment Workers Union to have officials of the rival Clothing Workers' Union (Clowu) jailed for contempt of court was today postponed in the Supreme Court

In terms of the postponement Clowu agreed it would not publish any defamatory statements or comment on actions before the court

Mr Petersen and his union last month each began a R50 000 suit against Clowu for defamation over statements made in Unity, a newspaper published by Clowu

Today's application refers to the publication by Clowu of further statements about the GWU and Mr Petersen

ARCUS 22/8/85

# Underpants sacking 'unfair', claims union

Labour Reporter

THE Clothing Workers' Union (Clowu) claims the dismissal of its leader, Mrs Carevia Davis, is a deliberate attempt to break the union and is considering legal action

Mrs Davis, who had had 21 years' service with Cape Underwear, was dismissed this week after an error ruined a R21 000 order of underpants

The union claims the error was due to work-pressure and an inadequate checking system

A company spokesman said yesterday Mrs Davis was given a previous written warning for a similar, but less costly mis-

take The company gave her a hearing and considered her dismissal to have been fair, and according to accepted procedures

He said the checking system had been unchanged for five years and at no stage had she or her works committee representative raised problems of work-pressure

Ms Zubeida Jaffer, general secretary of Clowu, said the union thought management made a decision to dismiss Mrs Davis before the hearing

She said further steps would be taken to reverse the dismissal

184 197

# Upswing may be 'mortal blow'

A SUDDEN upswing in business, after political unrest, could lead to mass unemployment in the textile and clothing industry

Ernest Wilson, chairman of the Textile and Clothing Advisory Council (TCAC), said yesterday a sudden upswing would bring in a rush of imports

Primary and secondary industries by that time would be so weakened by contraction and mass lay-offs of skilled labour that they would be unable to respond to stronger demand for at least six months

In the process, the clothing and textile industries will become sitting ducks for an import bonanza which could deal a mortal blow and

## Industrial Staff

lose 100 000 or more jobs in the process," Wilson predicted

He said there was need for an accelerated reform programme to get the growing number of jobless back to work.

He added that the unrest was at least as much from economic as political causes.

□ Synthetic Fibres forecast a steady decline in domestic demand. Exports, however, should provide reasonable area for marginal contribution.

□ Cotton is still freely available across an acceptable range of qualities and prices

□ Wool prices will be determined by the state of the rand.

□ In the weaving sector, cotton has been on a par with 1984, which was down on 1983 sales.

□ Worsteds have been badly hit by consumer rejection of high wool prices, with 25% of the workforce being laid off.

□ In the knitting industry, lower imports have not prevented 800 being laid off

□ In the retail sector, chain stores are between 15% to 20% down in unit sales.

Edgars' CE Vic Hammond said yesterday he did not see an upswing in demand bringing down destructive imports because the rand was too weak.



22/8/85 (181) (184) - B. Day

# Union fights sacking

THE Clothing Workers' Union claims the dismissal of its chairwoman, Carevia Davis, is a deliberate attempt to break the union and says it is considering legal action.

Davis, who had 21 years' service with Cape Underwear, was dismissed this week after an error cost the firm a R21 000 order.

The union claims the error was due to work pressure and an inadequate checking system.

However, a company spokesman said yesterday Davis had previously received a written warning for a similar but less costly mistake.

The company had given her a hear-

ing, attended by union representatives, and considered her dismissal fair and in accordance with accepted procedures.

The checking system had been unchanged for five years and at no stage had Davis or her works committee representative raised the question of work pressure, he said.

Zubeida Jaffer, general secretary of Clowu, said the union believed management had taken the decision to dismiss Davis before the hearing.

Further steps would be taken to reverse the dismissal and a number of ministers planned to write to management and point out the negative effects the dismissal would have on community relations, she said — Sapa.

23 8185 (5) (39) 184 - b. Day

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W061

**Ciskei  
undercuts  
SA clothing**

184  
15/9/85

*Times*  
CHEAP clothing imports from Ciskei are among factors like high interest rates and a drop in consumer spending which have helped to reduce the SA clothing industry to rags.

Chairman of the Cape Clothing Manufacturer's Association Simon Jocum says that Ciskei receives tremendous subsidies from the South African taxpayer.

SA's clothing manufacturers are suffering and job opportunities have been reduced.



CAPE CLOTHING

(18K)

**Not buttoned up**

The woes of the Cape clothing industry are well known. Costs are soaring, demand for the finished product is shrinking and some 4 000 workers have lost their jobs. Now for the bad news.

According to industry consultant Meyer Janet, clothing manufacturers currently face a battle for survival. Regardless of the outcome, he believes, things will never be the same again.

Gloomy stuff, but not far off the mark, it seems.

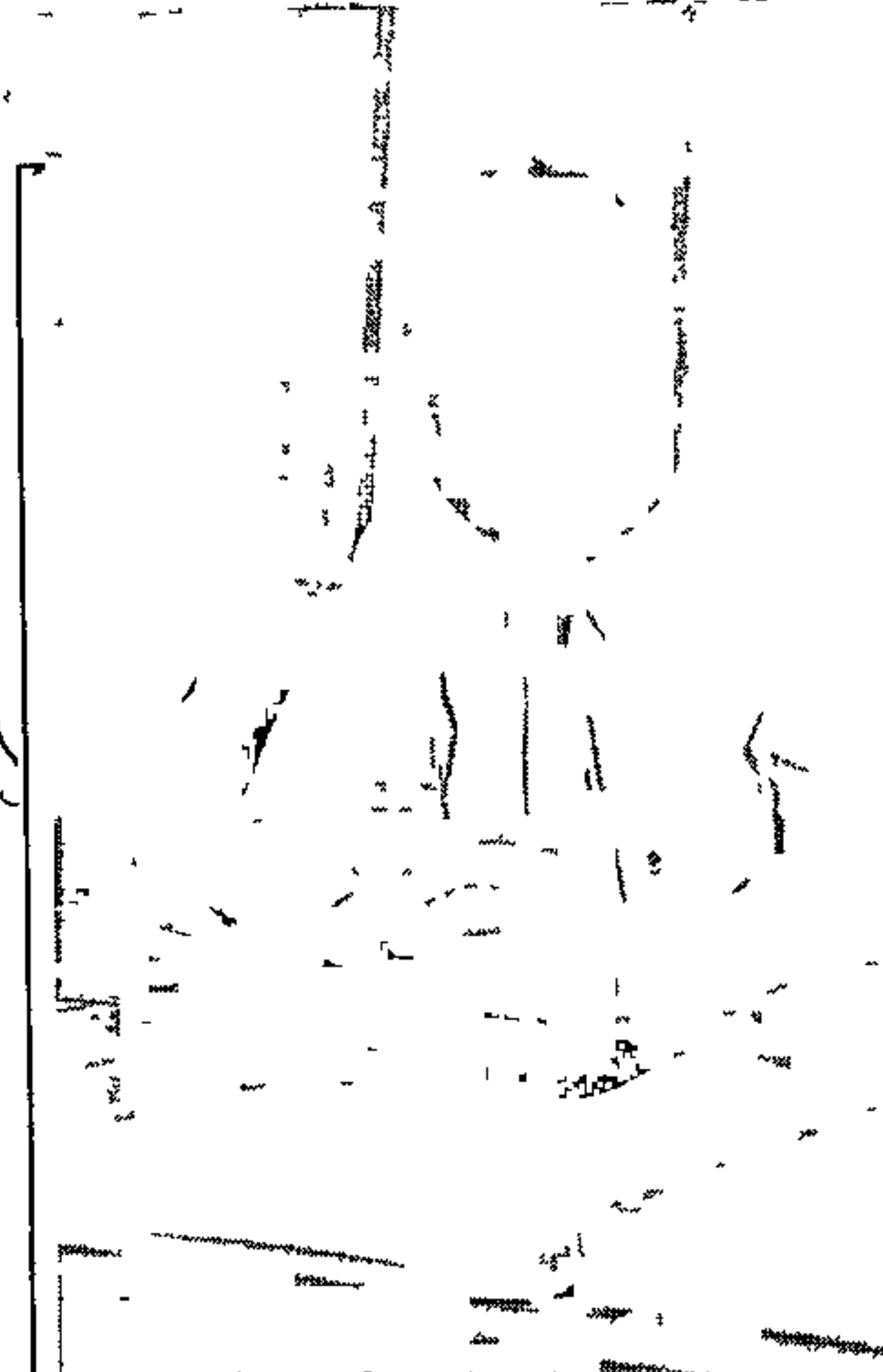
Even the most reliable customers among the big chains, like Woolworths, are now dropping suppliers, and companies concentrating on basic items such as socks and underwear are being hammered. The collapsed rand has not proved a big enough boon to exports, and competition from outside the Cape is intensifying.

Cape Chamber of Industries director Colin McCarthy believes clothing makers must increasingly drift to cheaper labour locations. And the process is already well under way.

The trouble is that factories in the homelands benefiting from low wages and decentralisation allowances are flooding the market with goods originally destined for the US where the "Made in SA" label is fast becoming a no-no.

National Clothing Federation executive director Frank Whitaker reluctantly sides

Financial Mail June 7 1985



approaching big buyers in the current environment.

Yet another problem is the growing lack of interest in consumer-generated demand for branded merchandise. This means the cost of establishing a brand as an indispensable part of the retailer's merchandise mix has become disproportionate to the size of the market.

Janet maintains a root cause of the industry's ills is under-recovery of production cost increases. Reasoning that clothing is a semi-durable that can, to some extent, be regarded as the poor man's motor car, he cites a CPI price index rise from 1982 to 1984 of about double the rate for cars. Conclusion: clothing is out of line.

He is convinced that a shakeout in the industry in the Cape, and elsewhere in SA, is inevitable. The only question, it seems, is how much will be left? ■

**McCarthy ... drift to low labour**

**cost areas**

(18K) *For 7/6/85*  
with the pessimistic outlook. "If you look at the world trend it is evident the industry has tended to go to low cost labour areas that might be comparable to the homelands. Taiwan, Sri Lanka, the Philippines."

Whitaker doubts whether homeland labour will be able to compete with the Cape. Coloured in the near future on tailored items like mens' suits, but they are doing fine with just about everything else including shirts and jeans.

Consultant Janet details specific dangers facing established manufacturers in the Cape. Problem cases range all the way from cut, make and trim (CMT) operations, which are no longer receiving life-sustaining leads from the retailers, to small firms which had relied on what have become prohibitively expensive imported fabrics.

At the other end of the scale are large firms which are encountering shortages and unreliable delivery of raw materials, prescribed price points and profit margins, enforcement of dictatorial delivery and return policies and a "first date" syndrome when

SEARDEL

## A threadbare image

Seardel, once regarded as the darling of the JSE, has watched its image become tarnished in recent years. Group earnings declined precipitously after 1982 when the company — and the entire clothing industry — plunged into recession. But the recent poor performance may owe something to the group's own structural weaknesses. The recession, say clothing insiders, has merely spotlighted these

To understand Seardel, one needs to look at the central philosophy guiding its chairman and founder, Aaron Searl. "In the last decade," says Searl, "we evolved a growth plan that was aimed at making us the dominant force in every market we serve." Logically, management developed a strong growth orientation. And all strategic decisions became coloured by this central goal. In the Seventies the firm began extending

**The once prime clothing group is beginning to look a little patchy in profits. This is partly due to recession and partly due to weak marketing. Once the latter has been set to rights, however, Seardel should make a good recovery stock.**

its trading base through a spate of strategic acquisitions. Ingeniously, Searl retained the original managements, allowing them to run their clothing factories in their own way while watching over their financial affairs. In this way, Searl surrounded himself with some of SA's finest clothing entrepreneurs. Acquisitions weren't limited to clothing companies either. Identifying consumer electronics as a high-growth industry, Seardel

bought the ailing Sharp Electronics for a mere R2,5m in 1981. Another acquisition was the highly successful Prima Toys.

The years between 1978 and 1981 saw virtually exponential growth in both group earnings and turnover. Investors developed a euphoric regard for the share, and the price gained some 600% over four years to reach a high of 750c in 1981.

But with expansion came rising debt, and by 1982 the debt:equity ratio had climbed to an unhealthy 200%. When interest rates started climbing after 1982, finance charges spiralled as operating profits began to fall. More recently, however, the group has been steadily reducing this ratio.

Flowing naturally from its determination to expand rapidly, Seardel had predicated its growth on supplying the large chainstores where the high volumes are to be found.

18c



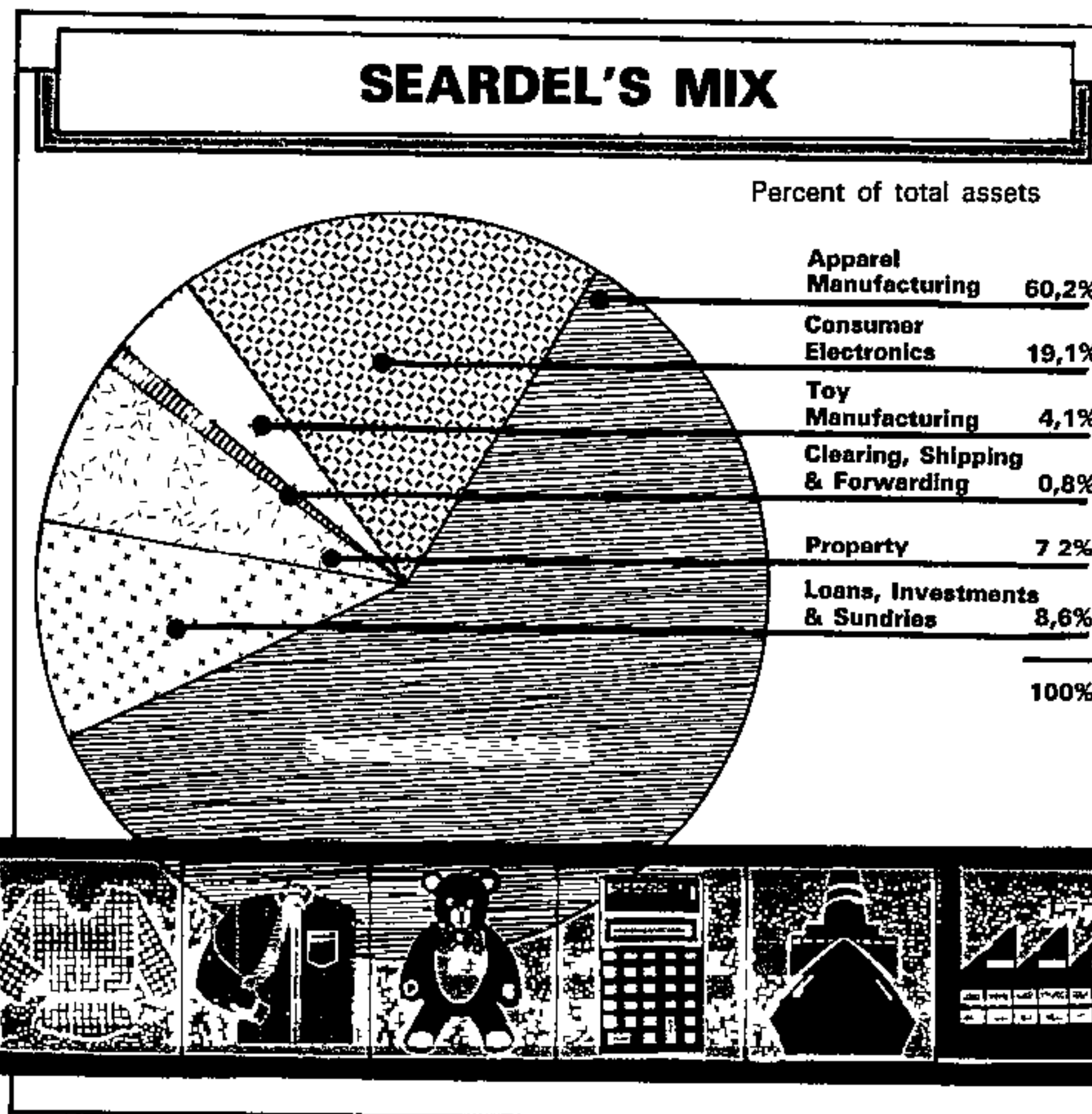
When one considers that five retail clothing chains account for 50% of all SA clothing sales, it seems logical that Searll should have courted the likes of Edgars, Woolworths, Foschini and OK Bazaars. Indeed, he was remarkably successful at acquiring their business. Woolworths, for one, buys a significant part of its clothing from Seardel.

With the onset of recession, management may have learnt that when playing footsie-footsie with the majors one had best protect one's toes. A leading clothing analyst explains why. "During a boom cycle the chains aren't sticky about prices, and suppliers like Seardel can operate on decent profit margins while having the advantage of large orders of similar garments, long production runs, and increased factory efficiency. There is no threat of the chain going insolvent, and bad debts are minimised.

"But when the business cycle turns down, the large chains begin to squeeze margins without caring how much it hurts their suppliers. The chains have the buying power, so companies like Seardel have little leverage to negotiate prices with them. Ideally, a manufacturer should have a good mix of smaller retail and large chainstore customers to protect his margins in a downturn."

Margins aside, Seardel's growth credo had another, more subtle, implication. Having secured significant chainstore business, Seardel began focusing on its production efficiency. For example, a sophisticated standard-costing system was installed to monitor every production hour in each of its factories. In addition, computerised grading and marking systems were introduced. Today, the group's major strength is its ability to produce efficiently large volumes of high-quality garments.

While production skills increased, the marketing side may have been neglected. In particular, Seardel's women's fashions failed to develop strong brand names comparable, for example, to Rex True-



form's Miss Cassidy range. With much of its capacity used in servicing chainstores, which have their own labels, little thought was given to investment in massive and sustained advertising campaigns. "Seardel has a classic growth problem," notes one analyst. "Expansion has been charted along production lines rather than marketing ones."

Notes a clothing insider "Until a group builds credibility in its own brands, it has little control of its market. Strongly branded garments fare best in a downturn. They seem to evoke customer loyalty, which makes them more resilient to recession."

for funds contracts. This, however, is no ordinary recession, but a more dangerous condition which some call stagflation.

Moreover, in the face of the falling rand, clothing manufacturers have seen the cost of imported cloth spiral while their margins have evaporated.

It is to Searll's credit, however, that the firm avoided the forex trap. Its foreign loans were covered at US 73c in June 1984, thereby saving millions of rands when the rand subsequently fell to US50c. In contrast, the ultra-cautious Rex Trueform was so badly burned by forex losses that it needed a R16m

rights issue recently to restore its capital base.

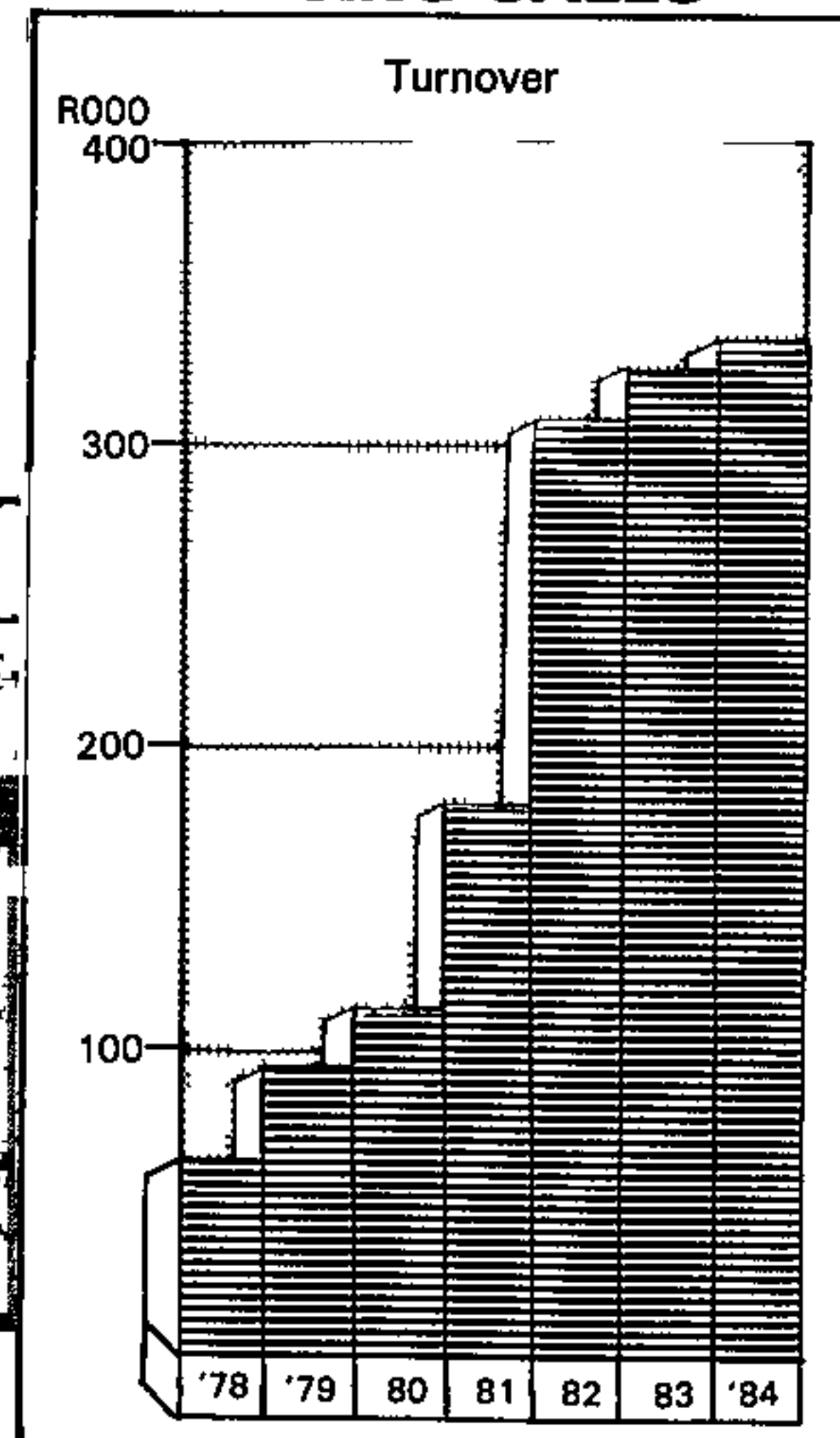
Seardel does not live by clothing alone. When it bought Sharp Electronics in 1981, Seardel acquired a foothold in the high-growth consumer electronics market. Sharp, too, has not been without its problems.

Although accounting for some 20% of group turnover, Sharp struggled initially to remain profitable. Today, Searll attributes Sharp's initial poor performance to a combination of bad management and overstocking. "We changed its management, and the company has been looking increasingly healthy."



**Chairman Searll ... working to a growth plan**

### RISING SALES



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ever since," he says.

Indeed, ever since Cornelis De Bruin took over the reins at Sharp some three years ago,

the company has emerged a likely survivor in the overtraded electronics market. While much larger competitors have foundered in

recent years, Sharp has continued to remain profitable.

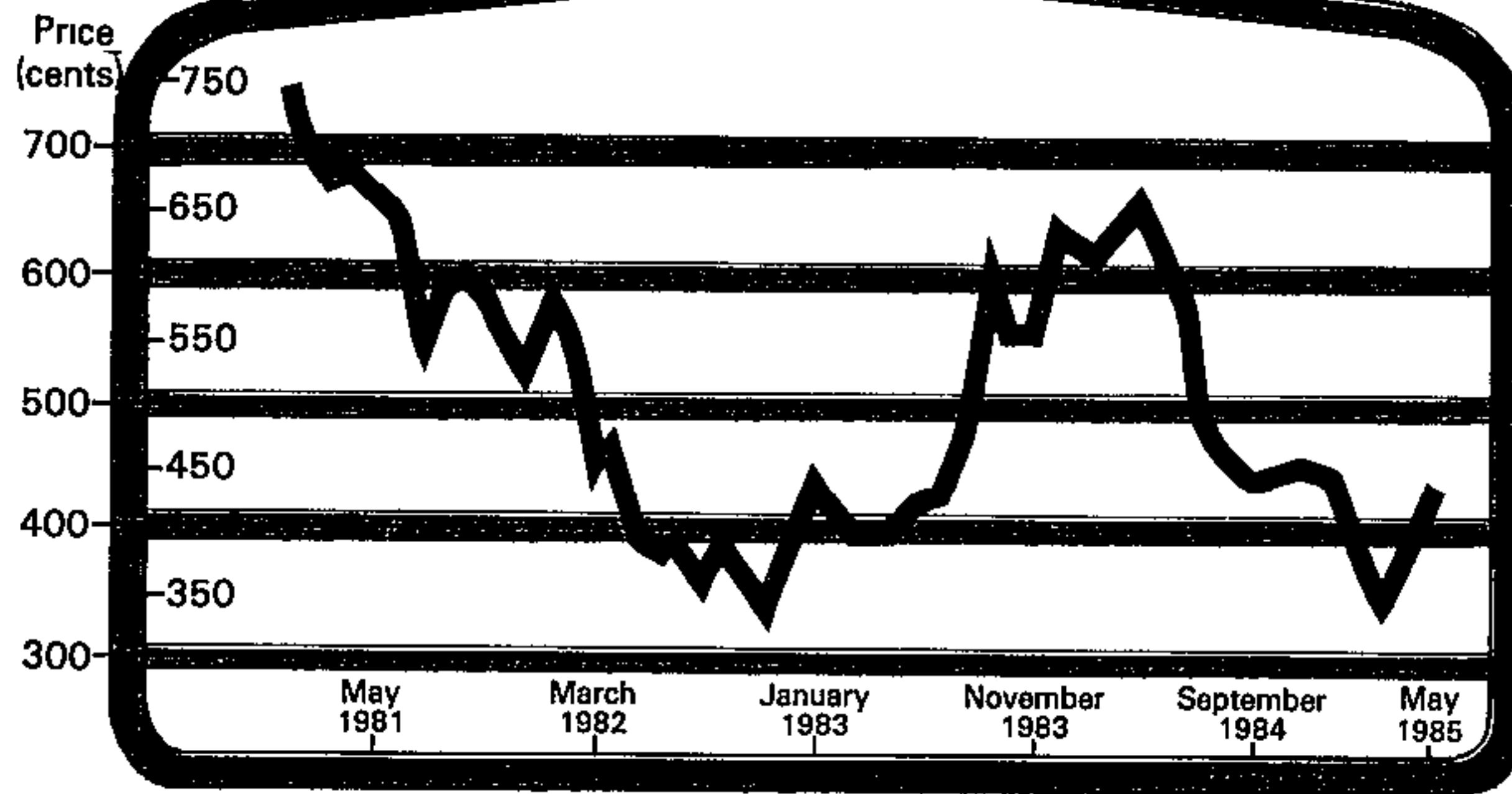
Still unable to dominate an entire market, De Bruin appears to have settled for selected segments. One need only think of Sharp's successful campaign to promote its microwave oven.

Prima Toys is an old stalwart, managed by the entrepreneurial Diamond family. Prima last year accounted for 9% of group pre-tax profit, while contributing only 5% towards turnover.

As far as Seardel's recovery prospects are concerned, few doubt the group will eventually return to its explosive growth path. While nobody can accurately predict SA's economic recovery, the volume-orientated group seems well-placed to take full advantage of it. The clothing division should eventually ride back to prosperity on the back of the chainstores. Apart from these interests, the electronics division has immense growth potential.

Trading conditions are likely to get worse before they improve. For the current year, stockbrokers are predicting a 50% fall in Seardel's earnings a share to around 50c, which could force the share down from its current 440c. If that happens, Seardel will

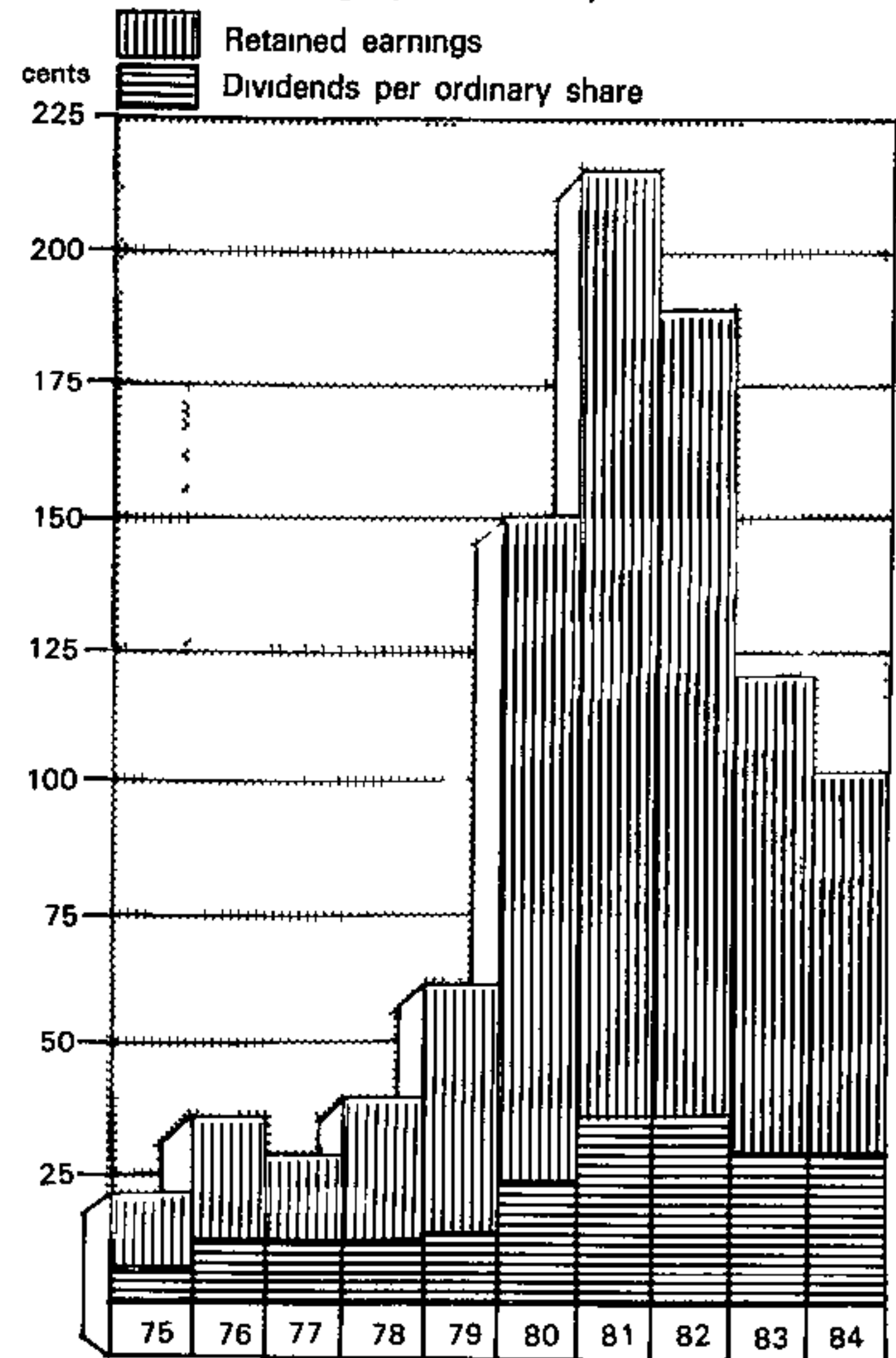
## SEARDEL'S SLIDE



Seardel HQ ... renewed prosperity predicted

## TATTERED EARNINGS

Earnings per ordinary share



begin to look a highly attractive recovery stock.

Taking a long-term view, however, the stock will remain vulnerable to future recessions as long as the company's marketing remains inherently weak in parts.

Neville Glaser

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E.P. Post 16/7/85  
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# Clothing industry in crisis

CAPE TOWN — A major threat looms over hundreds of clothing workers who could each face the chop in the next few months as the crisis in Cape Town's once flourishing garment industry worsens.

However, employers are cautiously optimistic that things may improve and many believe that they have reached the bottom of the crippling recession.

According to Mr Simon Jocum, chairman of the Cape Clothing Manufacturers' Association, 21 Cape clothing firms have gone out of business this year.

"Like the rest of South Africa, the clothing industry is in the throes of a recession," he said.

The number of workers fell by about 6 000 since the beginning of the year, he said.

Manufacturers say that a further drop in interest rates and an increase in Christmas orders would give them reason to see light at the end of the tunnel.

Mr Hardy Nel, secretary for the Industrial Council for the Clothing Workers, said that the situation was "improving".

There had only been one liquidation of a clothing firm in the last seven weeks compared to the previous trend of an average two firms going down in a week, he said.

The Clothing Workers' Union (CLOWU) said it expected Cape Town's clothing industry to be markedly reduced by the end of 1985 — Sapa.

Thursday, October 3, 1985

Who pray

# No pay for clothing workers

Labour Reporter

MORE than 40 000 employees in the clothing industry have been warned that they would not be paid if they stayed away or took time off from work to attend prayer services on October 9, called by the National Initiative for Reconciliation

Mr Richard Savage, chairman of the Natal Clothing Manufacturers' Association, told the Mercury yesterday that the call by church leaders 'for workers to take time off was 'absolutely ridiculous'

'If workers were to heed the call it will cause massive disruption in the industry. Anybody staying away or taking time off from work to attend prayer services on October 9 will not be paid for the hours absent from

work,' he said

One of South Africa's largest banks, Barclays National Bank, has announced that it is to close its branches countrywide between 12.30 p.m. and 2 p.m. on October 9 to allow its staff to observe the day of prayer

In a communication to its staff this week, Barclays said many religious leaders from major church denominations throughout South Africa had called for a period of repentance, fasting and prayer

Dr H A Fabian, Standard Bank's general manager (personnel), said members of the bank's staff who wished to attend the prayer would be allowed time off

The call, backed by Nobel Prize winner Bishop Desmond Tutu, was made at a national convention for re-

conciliation whose 400 delegates, including church leaders and business people, met earlier this month to discuss South Africa's political crisis

Mr Murphy Morobe, acting publicity secretary of the United Democratic Front, said in a statement issued in Johannesburg yesterday that while the UDF supported the church's call for a national day of prayer, the organisation would not call a stayaway from work by UDF members

Mr Michael Cassidy, chairman of the National Initiative for Reconciliation, could not be reached for comment yesterday, but his administrative assistant, Mr Nellis du Preez, said the call to Christians to observe the day of prayer entirely at their own free will and

conviction

No pressure or force was being brought to bear on them, but the NIR had asked employers to consider sympathetically requests by their employees for time off to attend prayer services on October 9

Asked why they had chosen October 9 as national day of prayer and not October 10, which is a public holiday, or the following Sunday, he said the date for observing the day of prayer was debated extensively by the church leaders at the Pietermaritzburg meeting

'The reason we chose a weekday and not a Sunday was to create an impact. If we were to hold it on a public holiday it would have been business as usual,' he added

1984 3/10/85



# Country rag trade seen as threat to urban output

LINDA ENSOR

CLOTHING manufacturers are becoming more frustrated at trading advantages handed to competitors in decentralised areas.

The trend towards establishing factories in decentralised areas is growing, says Natal Clothing Manufacturers' Association chairman Sadek Vahed.

He says entrepreneurs are taking advantage of decentralisation benefits in order to survive competitive trading conditions.

In doing so, however, they raise the ire of urban manufacturers, who are bound by industrial-council agreements and who do not receive subsidies.

The average weekly national minimum wage in the clothing industry for a machinist is about R65, while wages in decentralised areas are less than half this, says Vahed.

The most recent wage determination covering those clothing factories not incorporated into the industrial-council system lays down a starting wage for a machinist of R21-R27.

There has been price undercutting by decentralised industries, says National Clothing Federation public-affairs director Henrie van Zyl, but most of their output — about 25% of total industry output — is exported.

Van Zyl says the industry is concerned that, with the possibility of protectionist trade barriers being erected in the US and Europe, clothing exports will drop. With a frustrated export market, the domestic market would be flooded with clothing made in decentralised areas.

Vahed agrees: "Most of the people working in these areas are working on export orders. When export orders dry up, they will then start looking to the domestic market for jobs, and there might be a problem keeping them busy."

The biggest concentration of decentralised clothing manufacturers, says Van Zyl, is in Kwa-Zulu, which has 34. Ciskei has 25, Transkei has 12, Bophuthatswana 10 and Venda three.

# Move to save jobs in clothing industry

W/LC ARKAS 26/10/85

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## TOM HOOD

**BUSINESS** executives believe with Government help they can cut unemployment in the Cape clothing industry — and possibly other labour-intensive industries as well.

"We are arranging to see the authorities next week," said Mr Issy Goldberg, a business economist, who unveiled a plan yesterday which received the approval of directors at the annual meeting of Rex Trueform shareholders.

Unemployment was the country's most vulnerable Achilles Heel, he said. It was the conduit through which most of the unrest was channelled.

Labour-intensive factories should be encouraged to maintain the numbers employed in spite of recessionary influences.

Export-orientated industries, especially the clothing trade, should pay half the salary of employees about to be retrenched if it could be shown that an increased number of workers costing very little could lift productivity and output and an edge gained on prices for export goods.

To prevent abuses, the company involved would have to satisfy the authorities that its export potential could be increased and that failure to employ these people could depress the company's performance, with the possible loss of export markets.

"It would cost the Government virtually nothing by providing this cash subsidy. If these people were retrenched they would qualify for six months — possibly longer — for unemployment insurance. In effect, the Unemployment Insurance Fund would be subsidising the wages of working people instead of those of the unemployed," said Mr Goldberg.

A pragmatic approach could be that a company with a big assessed loss — such as Rex Trueform with R20 million — could set off these cash subsidies to their working people by having their assessed loss reduced. This would cost the country nothing when, it was hoped, the economy recovered and the company made substantial profits.

Mr Goldberg also suggested that senior and well-paid staff, particularly on the sales side, often earned three to four times the salary of top sur-

geons at Groote Schuur Hospital.

They should voluntarily agree to take a reduction in "these vast earnings".

If this happened in a big company the staff could see this voluntary reduction in earnings as an example and demonstration of the fact that their jobs would be as good as their productivity.

● Rex Trueform has been trading profitably for the four months since the end of the last financial year, when it had a R9,3 million loss, says the chairman, Mr Stewart Shubb.

Better margins were being obtained on exports and the company had carried out a very successful campaign to contain and reduce costs right across the board in the business.

Last year's reported loss was caused by R16 million of foreign exchange losses and this was hopefully behind the company, said Mr Shubb.

"We are a little more successful than our competitors in the industry, having managed to contain and reduce costs and our overhead structure to the extent that we are probably offering, in spite of high inflation,

and better values today than a year ago.

● Irvin and Johnson expects to match last year's profits in spite of a R2,7 million foreign exchange loss.

Chairman Mr J C Robberize said the company's operations had been to budget in the first quarter and if this was maintained for the rest of the year it was expected that the company would match last year's earnings.

This projection took into consideration a foreign exchange loss of about R2,7 million.

The company's exports were going well and were not being affected by anti-South African activities.

● Syfrets Trust became the second biggest contributor to Nedbank group's profits in the year to September. It brought in R12,4 million, up from R10,2 million as against Nedbank's R9,8 million (R14 million).

Nedbank Ltd continued to be the largest contributor, chipping in R56,9 million against the previous year's R69,6 million.

Final dividend by Nedbank is being cut by 17 percent to 39c (50,5c) a share after a R14 million drop in earnings.

E f E J t h E V S e H e Q R V D



MRCUS 30/10/85

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# Clothing industry warned over retrenchment of skilled labour

TOM HOOD

RETRENCHMENT of skilled labour could make the clothing and textile industries sitting ducks for an import bonanza in the future, says Mr Ernest Wilson, chairman of the Textile and Clothing Advisory Council.

Predictions for the next few months and the negative effects of boycotts and the disinvestment campaign built up a syndrome of gloom and depression which would be difficult to dissipate, he said at a meeting of the council.

He was concerned about the survival of both industries

"If we can envisage a calmer political situation and a strengthening rand by mid-1986, our primary and secondary industries will be so weakened by contraction and the mass retrenchment of skilled labour that they will be unable to respond to a stronger demand pattern for at least six months

"In the process the clothing and textile industries will become sitting ducks for an import bonanza which could deal a mortal blow and lose 100 000 or more jobs in the process."

Mr Wilson said there was a crying need for more positive thinking to restore some stability to the economy.

The prime needs were an accelerated reform programme and significant action to get the growing of unemployed back to work

Chain stores were generally maintaining garment sales against the 1984 figures but were 15 to 20 percent down in unit sales

## CHRISTMAS ORDERS

Intensive competition, unhealthy low inventory levels and continuous sale and promotion campaigns had reduced margins significantly

Christmas orders were being

delayed in an atmosphere of flagging consumer confidence.

Other retail stores reported cut-throat survival conditions with margins under heavy pressure, unit sales down by 10 percent on last year and high inventories still in women's wear.

"Conditions are expected to worsen and losses are expected," he added

The general picture was of diminishing demand and gloomy forward predictions for the rest of the year

The knitting industry faced a crisis situation. Lower imports had not prevented 800 retrenchments and more closures were imminent

Worsted manufacturers had been badly hit by consumer rejection of high wool prices. A quarter of the work force had been retrenched and short time worked. The outlook was grim with an order book 60 percent down on 1984



# Anti-SA stance

w/c ARGUS 26/10/85

# hits city clothing

# exports to USA

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**TOM HOOD**

AMERICAN clothing importers are taking advantage of anti-South African sentiment and forcing down the price of garments exported from Cape Town factories

Some export prices have become uneconomic but the industry should try to absorb them even though domestic business is falling, says the chairman of the Cape Clothing Manufacturers Association, Mr Simon Jocum, who has returned from a seven-week overseas visit

Export business usually took years to develop and hopefully it would become more profitable again

"Exports don't just happen — it can take a year to two years to get going — but to be successful we must enjoy the right political climate and a healthier domestic market to recover fixed overhead costs

which cannot be passed on to the highly competitive clothing markets

The industry was vigorously pursuing the export markets of the United States, Britain, and other parts of Europe and North America, notwithstanding the fall of the rand to 40 cents

Because of the high profile South Africa was enjoying on television, boycotting movements had increased their pressures from government to business

The American consumer, a fair-minded intelligent person, was exposed to daily reports of violence taking place in South Africa and perceived the police as trigger-happy and going about shooting children

"Importers see a risk factor and are asking us to quote prices at below economic cost levels, taking away the advantage of the weak rand

### Distressed, depressed

"I tried to do my bit but I found resistance in bringing overseas buyers to Cape Town unless I can guarantee their safety"

Mr Jocum said the country's clothing industry was "distressed and depressed"

Unemployment increased by 700 in the Cape in the past month after two more factories closed down

It was beginning to stabilise but the widespread unrest and the slow pace of reform did not lend confidence to the situation

The number of employees stood at 54 700 compared with 61 800 at this time last year, a drop of 7 100

The weak rand had forced local textile mills to increase their prices drastically. Wool and cotton had to be paid in dollars at internationally set prices

Retailers were holding back in their purchases "until the smoke settles" and were buying from hand to mouth, which caused chaos in planning forward for the future

They were waiting to see what happened at Christmas before placing their orders for the first half of 1986

### Buying power

"What is further disturbing is that unrest at schools has a worrying effect on the workforce. Parents worry about the activities of their children unattended at home as they are not able to go to school because of the unrest. How can people be expected to shop in certain areas amid the unrest? This affects the entire work situation"

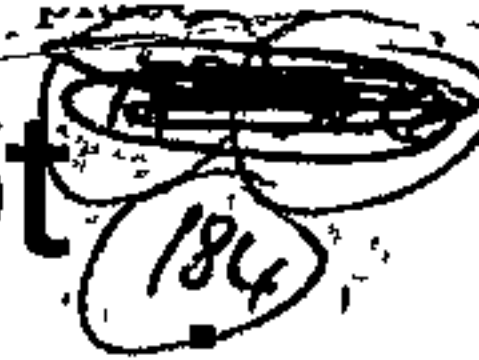
The falling rand was not even helping the situation but the increased inflation rate was eating into the consumer's buying power

The only way the clothing industry could grow was when unemployment was reduced and more jobs were created



endeavours to achieve a fair solution the episodes will

CAPE TIMES 5/11/68



# Fire was an attempt to destroy clothing union

From ZUBEIDA JAFFER, General Secretary, Clothing Workers Union (Cape Town)

THE fire which destroyed the offices of the Clothing Workers Union on October 11 marks an ominous development in the escalating conflict situation in Cape Town

It represents an attempt physically to eliminate the organization and so end its service to the community and its efforts to bring an awareness to the clothing workers of Cape Town

Destruction of the union's offices does not equal destruction of the union, which is entrenched within the minds of thousands of workers and supported by numerous institutions within the community. A fire cannot wipe this out

The fire represents a heightened form of harassment which has been common to the union's experience since its inception less than two years ago

Our organizers have been followed by security police, who have also barged into the homes of workers, threatening them with imprisonment

The homes of workers of the union have been arbitrarily searched. The security police have offered money to execu-



Ms Zubeida Jaffer

tive members to act as informants. They have occupied our offices, disrupting our work routine. They continue to hold organizer Ms Shirley Gunn under detention laws

There has also been a petrol bomb attack on the car of one of our organizers. Bricks were flung through the front window of my home

These are but some of the attacks which have been directed against CLOWU. Since the fire, the security police have been present at our temporary offices in Salt River. Telephone calls have also been made to executive members in an attempt to intimidate them

In spite of these constant threats, the group of organizers and the executive, all women,

have remained committed to the ideal of building a democratic union for clothing workers

The clothing industry employs more than half of the entire coloured working class in Cape Town — an average of about 60 000 workers, 90 percent being women

Workers associated with CLOWU are not only outraged by what has been done but are asking what is the attitude of employers to this attack on their union

The continued existence of CLOWU is clear evidence that a significant number of workers desire a transformation of the stifling conditions obtaining in the clothing industry

The dialogue which is sought by the majority of South Africans must permeate all aspects of our society

(This letter has been shortened — Editor, Cape Times)

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Unions are  
'repressed' *Skw*  
*184*  
*7/11/35*

The Government's decentralisation programme was responsible for the relocation of firms to the homelands, where the repression of trade unions was rife, the National Union of Textile Workers (NUTW) general secretary said in Maritzburg recently.

Mr John Copelyn told NUTW's annual meeting that cheap labour and Government assistance to companies relocating to the homelands meant new clothing factories were being established in homelands such as kwa-Zulu and Swaziland.

And every homeland government has made it difficult for workers to organise themselves," Mr Copelyn said.



**B. Day**  
**Pay rises too low — UNION**

29/11/55 LAWRENCE BEDFORD  
MINIMUM pay rates for beginners in the clothing industry in the Transvaal were still "too low", said the National Union of Clothing Workers.

The weekly minimum pay for beginners in the clothing industry has risen by 21% under the new Industrial Council agreement on pay and conditions ratified yesterday.

This would give a person starting in the clothing industry in the Transvaal in January R43.50 a week, said the president of the province's manufacturers' association, Terence Kinneer.

However, a spokesman for the National Union of Clothing Workers said despite progress made in the latest agreement, the union intended doing everything it could to increase pay for entrants to the industry.

SA clothing industry  
internationally  
competitive — survey

JOHANNESBURG — The South African clothing industry is internationally competitive both in terms of cost and productivity, a study by the National Productivity Institute (NPI) has found

Releasing the results of the study in Johannesburg today, the National Clothing Federation of SA (NCF) said in a statement that South Africa's productivity was roughly two thirds that of the top eight industrial countries and only marginally exceeded by four developing countries.

In addition, as regards direct labour, production and administrative overhead costs per minute of production, this country performed "exceptionally well".

The statement said "In terms of output, although the RSA has relatively good indices for many productivity factors relative to developing countries, if it is to achieve higher levels against international competition, it must increase either its working period or its basic productivity index.

"Significantly, RSA's productivity is better than all other countries of South East Asia and Central America and is only bettered by four of the Mediterranean countries of Europe

"The productivity index for style products in a typical factory shows RSA to be on an equal level with Hong Kong and Taiwan"

Discussing the cost comparisons of the study, the NCF says the cost per minute for the independent states of South Africa is "unbeatable".

Its statement says "Of the eight industrial countries studied, the highest cost per minute, as defined above, in March 1985 was \$0,20 in

the United States and the lowest was \$0,11 in Britain. The average for the industrial countries was \$0,16

"The East European countries had an average cost per minute of \$0,8 in February 1984 (latest figures), putting them close to the average for developing countries of \$0,7 in March 1985."

South Africa, with a cost per minute of \$0,5 in March 1985, was as low or lower than all the developing countries for which figures were available, with the exception of Malaysia, South Korea and the independent states of South Africa

"The independent states with a cost of less than \$0,1 are undoubtedly the cheapest clothing manufacturing countries in the world at present," the statement says. Sapa

Gold at \$327.45

# Times are bad for clothing trade

29/11/85



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**ABOUT 24 Cape Town clothing factories employing thousands of people have closed down in the last 12 months.**

Many are working short time in an effort to maintain employment levels as the recession continues to deepen its teeth into the South African economy

This was said by Mr

## SOWETAN Reporter

Simon Jocum in his chairman's address at the annual meeting of the Cape Town Clothing Manufacturers Association

He said "The unemployment factor is 12 percent and we are back to 1980 in unit production

"The association

started its 60th anniversary year in the deepest recession ever experienced

"The Cape Town clothing industry is an endangered species, and is bleeding slowly,"

Inflation at 16,8 percent was unacceptably high and had curtailed spending, he said

Soon there would be competition from decen-

SOWETAN

tralised areas as their production and productivity increased

"Any surplus not exported will find its way into the domestic market at well below costs and to our peril — this threat is real," Mr Jocum said

The infrastructure of skill and craftsmanship that have made the Cape clothing industry

famous were built up over 60 years and only a rapid urbanisation policy by the Government to support labour intensive industry by tax concessions rather than further taxation, would prevent decline

"We accept Government policy of decentralisation but urban problems of unemployment cannot be ignored," he said

He urged manufacturers who were strong enough to be more positive and aggressive in their export efforts. "It is a long-term investment and the world market is large," he added



Exports key  
to Cape clothing  
industry's  
survival

TOM HOOD

THE future survival and growth of the Cape clothing industry depended on exports, hard-pressed manufacturers were told this week.

The Cape's labour and overhead structure at today's rand value was tremendously competitive with the rest of the world, Mr Simon Jocum said in his chairman's address at the annual meeting of the Cape Clothing Manufacturers Association.

"True we have to contend with the hassle factor and our political image abroad which has partially offset the benefits of the weak rand, but there is no overseas company which will turn down a good profit even if it is made on South African clothing.

Unemployment was running at 12 percent and could be much higher for many factories were working short time in an effort to maintain employment levels.

"The Cape industry is an endangered species and is bleeding slowly."

Twenty-four factories closed this year and the others would soon face competition from decentralised areas as their output and efficiency increased.

The Cape industry was also being strangled by being deprived of a variety of fabrics — its lifeblood imports had been snared by the new 10 percent import surcharge and the weak rand.

CAPE TOWN 6/12/85 (18C)

## W Cape clothing factory one of most modern in the world

A MAJOR expansion programme at Pepkor's clothing manufacturing plant in Parow has just been completed, making it one of the most advanced in the world in computerized grading and marker making

Pepkor is the country's

second largest clothing and footwear manufacturer.

Speaking at the official opening of the enlarged facility yesterday, group managing director Mr Tom Ball said that Pepkor's investment in computerized automation equipment now amounted to just on R1m

With the present rand/dollar exchange rate however, replacement cost would probably be twice that amount

The computerized system now handles the total pattern grading and marker making needs of Pepkor's vertical and horizontal clothing factories, including the fashion operations of House of Monatic and Bertish

Major advantages of the facility, Mr Ball said, were.

- a five-fold productivity increase.
- improved and total consistency in quality of patterns and markers
- better fabric utilization.

The group first went into computer-assisted grading and marker making in 1983 with the purchase of an American Camsco 5 000 system. This system was geared to operate 8 hours a day, serving the needs of Pep Manufacturing's vertical factories in the Western Cape, Transkei and Natal.

During 1984 it also started serving the House of Monatic, and with the growing demand has been running two shifts over 18 hours a day.

The takeover of Bertish earlier this year, and a request by the House of Monatic to handle grading and marker-making for its suit production, has now resulted in a second system being installed at a cost of over R550 000.

Pepkor's total facility now has the following estimated capacities:

- on-line storage of 75 000 pattern pieces and about 40 000 mark-

- plotting capacity of 400 to 600 markers a day
- placement of 4 500 to 5 000 pieces per day into new markers

According to Mr Nico Cilliers, chief executive of Pepkor's vertical manufacturing operation, the next step in automation would be computer-assisted pattern design

"Just as manual pattern grading and marker making has disappeared, so will manual design become a thing of the past"

With the aid of the computer, the fashion designer will be able to create styles and garments on a terminal screen, superimposing different fabrics to achieve the best effects.



## BUSINESSMAN OF THE WEEK

# New ideas pay off for liquor group that tries harder

w/e marks 7/12/85  
1846

**DEREK TOMMEY**

WHEN you are fighting the giant Stellenbosch Farmers Winery and the equally huge Oude Meester group and winning, you must have something new up your sleeve. And Peter Fleck, 42-year-old managing director of Gilbeys' Wholesale readily admits this has been the case.

This year's recipient of the Institute of Marketing Management's Raymond Ackerman Award for marketing directors, Mr Fleck, is recognised in the highly competitive liquor industry as a master in innovation.

New products galore have come from the Gilbeys' plant in Stellenbosch in recent years and as they have entered the market so have Gilbeys' profits risen and its market share grown.

Since 1978 his innovatory tactics have boosted Gilbeys' profits by 279 percent and increased its market share by a third from 6 percent to 8 percent.

Mr Fleck explained some of his methods and reasons for following this tack at an Institute of Marketing Management luncheon in Cape Town this week.

His remarks will be of special interest to other operators in the country's overcrowded liquor industry struggling to sell their products.

One reason was the multiple option and confusion in the li-



Mr Peter Fleck . . . master in innovation.

quor market.

"No less than 71 co-ops market wine and there are 72 registered estates, all in all, there are some 2 000 different wine labels from which to choose," he said.

"To build a brand of any size is well-nigh impossible in this environment where consumers are caught up in the sheer adventure of wine and show little brand loyalty.

"Unless your product stands out in this confusion, you can-

not be successful, he said.

"Your product must be novel enough to be seen in the same way as consumers who want to belong need to stand out in an overcrowded society."

The second reason was that Gilbeys' had little choice.

Following the traditional route of promoting existing brands in the highly competitive and well-established liquor market did not appear to offer much opportunity for

business expansion.

"To sell more boxes we had to look beyond our established brands to completely novel ideas and not bash up against the formidable barriers of the traditional liquor market.

What Gilbeys' had to do was innovate, "and we were pleasantly surprised".

"Not only was the consumer ready to experiment with new tastes in alcoholic beverage drinking, but liquor retailers were more than receptive to new brands which could add further excitement to their business."

The result was a number of major successes. One was "Coco Rico" which became the biggest selling brand in the flavoured liqueur category in one year.

In the 22 months between May 1979 and March 1981 the company launched 11 new brands or concepts and two-thirds became successful in their own right, grossing profits of more than R5,5 million.

Other successes were "Cape Velvet" and "Old English Toffee".

"We did not make huge upfront investments in any of these new concepts. We also saved considerable sums of money by dispensing almost entirely with expensive research.

Mr Fleck sees established major brands coming increasingly under pressure.

"People are better educated and have more leisure time on their hands, more time to give thought to where and what they want to be, more time for choice and doing things differently.

"This newfound freedom is going to knock standardisation and conformity and even maybe unity.

"My guess is we'll get to the point where diversity will cost no more than uniformity because business will have developed for a society with diverse needs."



CF mes  
11/12/85

184  
**JOB'S IN  
clothing  
industry  
at risk**

MORE employees in the Western Cape clothing industry could lose their jobs next year if Christmas sales are poor.

The secretary of the Industrial Council in the clothing industry, Mr Hardy Nel, told Sapa 6 825 workers had lost their jobs during the past year and 31 garment factories had been forced to close.

Most of the 53 000 workers in the industry in the Western Cape work in small factories that manufacture garments under contract for department stores and large clothing factories.

**TONY WEAVER** reports that more than 500 employees of an Elsie's River knitting firm have been laid off because the firm has gone into liquidation.

A spokesman for Goldfish Knitting Mills and its subsidiary, Stromboli Knitwear, said: "The liquidation is mainly as a result of the consumer boycott of white-owned shops, as our 10 factory shops, which trade under the name Stromboli, have been badly hit."

The firm had gone into provisional liquidation on November 22 and the return date for the final liquidation was December 18, he said.

**'Very sad'**

Four hundred wage-earners and 24 salaried staff received their final pay cheques at the factory yesterday, while 22 salaried staff and eight wage-earners were paid off at the firm's 10 factory shops in the western, southern and eastern Cape.

A further 50 employees have been laid off over the past few weeks.

"It is very sad. The firm has been going for 32 years now and for many of the workers it is the only firm they have ever worked for," the spokesman said.

Once the final liquidation had gone through, the clothing industry Industrial Council would seek to claim leave pay for the retrenched workers from the proceeds of the liquidation.

Workers paid off yesterday received "their full normal wages and salaries."

The owner of Goldfish Knitting Mills, Mr H A Seidell, could not be reached for comment.

# Old Mutual proposes sweeping pension plan

BUS DAY 13/12/85

OLD MUTUAL has proposed a strategy for future pension schemes, which, it says, will have to adapt to the needs of all South Africans.

The proposals, set out in the annual report of the life assurer's pension division, include increased funding by taxpayers for old-age pensions

Old Mutual recommends that employers encourage the middle economic group to contribute towards a minimum level of preserved post-retirement income through a private sector fund. It also suggests that a free market "pension provision" be encouraged, with industry providing additional benefits.

According to the pension division, South Africans will have to accept that the State and, therefore, taxpayers will have to increase funding for old-age pensions for those who will

LESLEY LAMBERT

not be able to provide for themselves.

They will also have to accept that pension funds based on the tradition of an employee remaining with one employer are prejudiced against workers who face retrenchment, and will have to be adapted, says Old Mutual Pensions Development manager Butch Judge.

Stumbling blocks have been in providing for unemployment income, applying means tests and the requirement that 53% of pension fund assets be invested in prescribed assets.

"Now is the time for indaba, or consensus, to create a matrix that will take into account the need and ability to pay of all groups within our population," says Judge.

## 700 workers retrenched

BUS DAY 13/12/85

ABOUT 700 employees of the Natal Overall Manufacturing Company — almost the entire staff of the Pinetown clothing factory — have been retrenched after closure of a large section of the business

MD Trevor Aron said yesterday the retrenchments last Friday were

due mainly to the economic recession and insufficient orders to justify continuing the Pinetown operation.

Garment Workers' Industrial Union general secretary Frankie Hansa said the union had negotiated "a very good" severance-pay package for all workers. — Sapa.



## BUSINESSMAN OF THE WEEK

# Import levy hammering W Cape industry

STEPHEN ROBINSON

THE new president of the Cape Chamber of Industries, Mr Robert Kaplan, lays the blame for our current financial malaise firmly at the door of the Government for its "total lack of fiscal discipline"

"This is what it's all about. To refer to the collapse of the rand as an external factor as though it is something quite outside the Government's control is absolute nonsense"

"Our current situation is the direct result of past, and current, financial mismanagement"

He cited the recently imposed 10 percent import levy as one example of inept financial control. He said the levy was having a devastating effect on Western Cape businesses.

"Just look at the consequences for a company like Nylon Spinners, and indeed the entire textile industry — and the money raised is being given away in hand-outs. Easing poverty, while fueling inflation — it just doesn't make sense"

He is also highly critical of the new local taxations which are shortly to be imposed to underpin the Regional Services Councils.

"In particular, the payroll tax will amount simply to a tax on employment, and I expect there will be an acceleration in the process of factory mechanisation"

Mr Kaplan also predicts what he termed "inflation horror" for the beginning of 1986 with the annualised cost of living increase hitting the 25 per-

cent mark for the first quarter.

"In January we are going to see the beginning of a process of huge price increases in all industries"

"Imported goods will go up for obvious reasons, but even locally made products will increase as manufacturers who compete with importers sense they can up their profit margins"

"Just look at the way the price of PVC — which is made locally — has rocketed over the past few months"

Mr Kaplan says there is a conspicuous and disastrous lack of financial know-how within government circles, and indeed among all the political parties, and suggests the Government should consider employing a non-politician as Minister of Finance.

Mr Kaplan is the managing director of Cape Gate in Parow. The company makes a wide range of wire and steel products used in fencing and household goods.

He joined the business in 1962, and since then the com-

pany has turned into a major manufacturing operation, with two blast furnaces, two rolling mills, and a staff of some 3 000 workers.

The company has subsidiary interests in Israel, and a healthy export trade to Western Europe and North America which has increased substantially this year as a result of the collapsed rand.

However, one area of acute concern to Mr Kaplan is the rocketing cost of capital equipment.



Cape Chamber of Industries president Mr Robert Kaplan.

w/c AEGAS  
14/12/85

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## 400 Cape workers retrenched

*27. 1972/83*  
MOST 400 garment workers have lost their jobs after Cape Jersey Manufacturers and Goldfish Fabrics in the Cape were placed under final liquidation yesterday morning.

The retrenched workers will be paid leave bonuses out of the contingency fund of the Garment Workers' Union.

The assistant general-secretary of the union, Fredric Petersen, said, another group that had offered to take over the two factories had indicated that many of the workers who lost their jobs could be re-employed. — Sapa

(184)

(25)

# Zimbabwe goods flood SA market

20/12/85 STAR

# Clothing chief calls for rethink of trade links

184 177 352

By Stan Kennedy

South African needs to tackle more seriously and unambiguously its relationships with those trading partners and neighbours that have joined the anti-South African bandwagon, says Mr Mike Getz, president of the National Clothing Federation of SA

Reviewing the past year and the prospects for 1986, he says Zimbabwe has privileged access to South African markets, pouring in shirts, shoes and underwear in considerable volumes

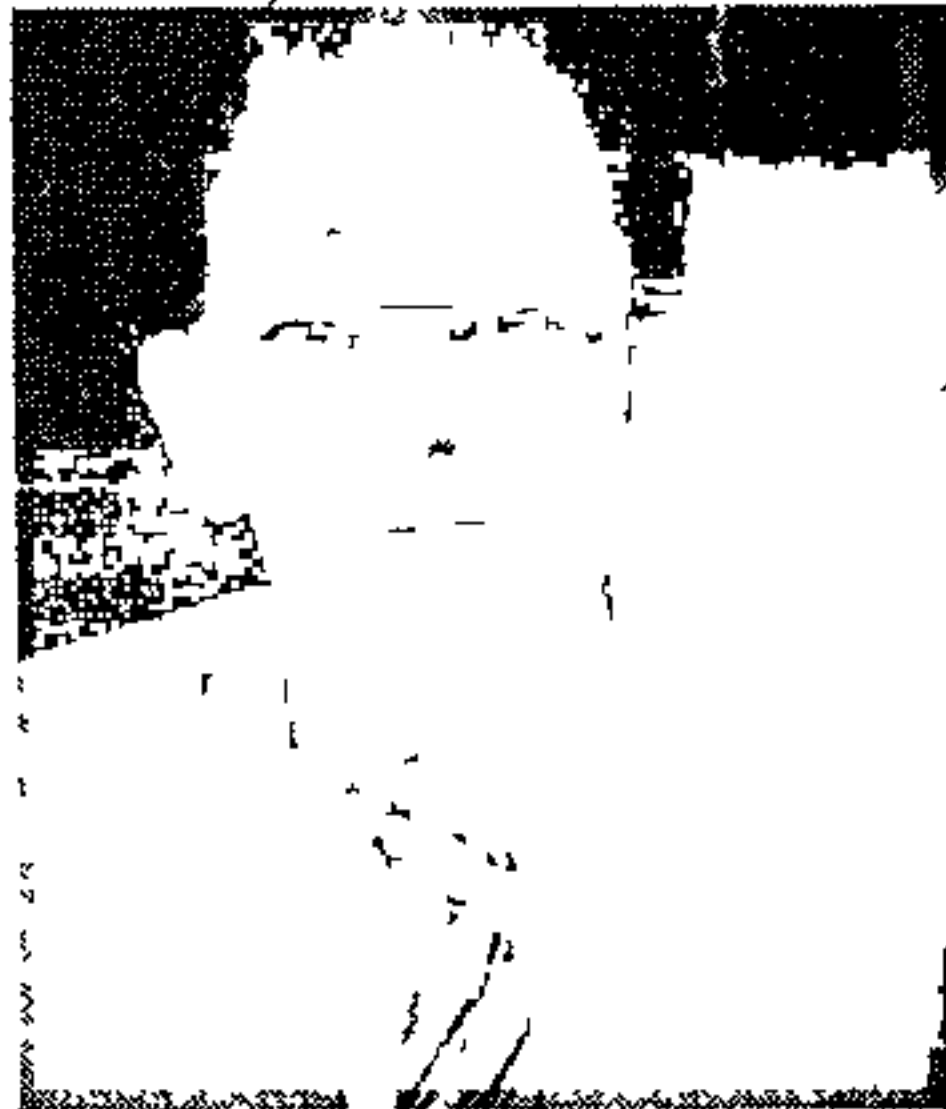
"Our industry has no reciprocal privileges and I see no good reason, under current conditions, to turn the other cheek.

## Developing country

"The rabid arrogance from beyond the Limpopo certainly does not merit charitable consideration"

South Africa is a developing country with dominant Third World characteristics yet Escom, Iscor, Sasol and the SA Transport Services are significantly involved in over-pricing services and basic raw materials.

"If we add the Wool Board with its strange pricing strategy



Mr Mike Getz . . . unhappy about the state of the industry

to discourage the use of wool by domestic industry, we have overwhelming evidence that no matter what we say about creating jobs, we basically undermine them.

"With every hike in the price of materials, there has been a corresponding fall in volume. Consequently, as price prosperity in raw materials advanced, manufacturing contracted

"To put it another way, South Africa must be the only developing country to transform labour-intensive activities into capital-intensive ones"

1985 was a difficult year, with

volume output falling by 15 per cent and retail sales declining eight percent at constant 1980 prices

Employment dropped below the 1978 level of 110 000.

Mr Getz says that for many years the industry had stressed the importance of creating jobs, while watching them decline and doing nothing

## Duties not necessary

"We acknowledged the Third World characteristics of many of our emerging consumers and their disposable incomes but tried to market and merchandise for their needs at First World prices"

He says the abandon with which suppliers of raw materials and textiles can raise prices will need to be examined by the Board of Trade. In many cases, existing duties are no longer necessary and only serve an inflationary purpose, harming more than helping

Mr Getz is optimistic that in the short term, the industry will adjust to current levels of demand. Stringent cut-backs by retailers have thinned the ranks of suppliers and order books are firmer

or the J H Isaacs group, notes projects, brought about largely building market and still ex- Parliament is keenly awaited

# 20% clothing price increase forecast

27/12/85 BUS. DAY  
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ROCKETING clothing prices predicted for next year are expected to leave many of us threadbare

Increases of from 20% to 40% are forecast, depending on imported content of the garment

"If they're totally local, the increase will be nearer 20%," says Frank Wells, chairman of the Textile & Clothing Advisory Council (TCAC)

Wells, MD of Edgars Stores' retail services division, adds "Manufacturers have to realise sales will drop if prices increase" Increases apart, shop boycotts this month will dictate the face of the sector in 1986.

While effective boycotts spell

## LAWRENCE BEDFORD

bargains galore in January, for the retailer they add up to unprofitable sales Wells says retailers have ordered only 80% of their requirements for Winter 1986 (April to June)

Reduced imports apart, the other difference for 1986 is that the amount of new retail space coming on stream is negligible.

Textile Federation executive director Stan Shlagman expects import replacement to continue up to a point, but fears inflation will narrow the gap between domestic production costs and imports

National Clothing Federation

(NCF) president Mike Getz says SA is paying a full price for ignoring the basic rules that determine meaningful growth in a developing society

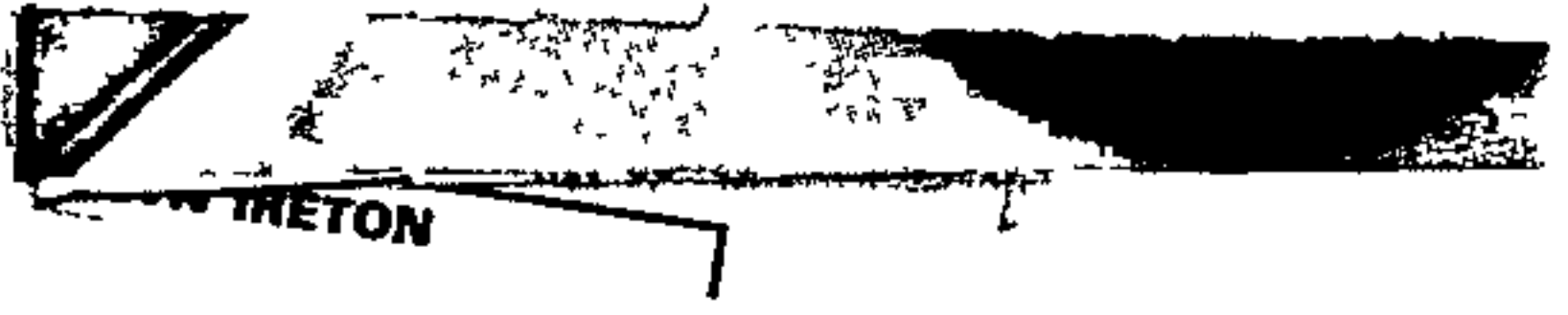
Getz says it is to be hoped that the present preoccupation with urbanisation and deregulation is not another retreat from the harsh reality SA has brought upon itself He says government appears unable to impose necessary disciplines, but chooses rather to tax more and more jobs out of existence

Prospects for 1986 depend on confidence and demand, linked to a return of more stable political and economic conditions, adds Getz

Of his own industry, he says "Exports must receive priority. There is considerable unused capacity now that could well be kept busy with exports. However, intending exporters will need a more meaningful signal from government that its intentions are to encourage exports"

He says the best way it could do this is to announce that immediate and urgent consideration is to be given to the problems of raw material costs to SA manufacturers

Getz says manufacturers in pursuit of foreign business can become both effective ambassadors as well as messengers of reality from abroad.



red suppression on riots have claimed many victims

TRINTON



MANUFACTURING - CLOTHING

1986

Oct - Dec

# Liquidation settlement accepted

22/1/86  
STAR  
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The provisional liquidation orders on two Johannesburg women's clothing companies, Jays (Pty) Limited and Jays Fashions (Pty) Limited, were discharged by a Rand Supreme Court judge yesterday.

Mr Justice P J Schabert also sanctioned offers of compromise made by Megmick Holdings (Pty) Limited.

In papers it was submitted that at meetings held this month the requisite majority of creditors of Jays (Pty) Limited and Jays Fashions (Pty) Limited had voted in favour of the offers.

The two companies were placed under provisional liquidation on July 19 last year.

W/E ARGUS 4/1/86

# SA undermining, not creating jobs, says clothing chief

733 184  
Weekend Argus Financial Staff

SOUTH AFRICA is a developing country with dominant Third World characteristics yet Escom, Iscor, Sasol and the SA Transport Services are significantly involved in over-pricing services and basic raw materials, says Mr Mike Getz, president of the National Clothing Federation

"If we add the Wool Board with its strange pricing strategy to discourage the use of wool by domestic industry, we have overwhelming evidence that no matter what we say about creating jobs, we basically undermine them.

"With every hike in the price of materials, there has been a corresponding fall in volume.

"Consequently, as price prosperity in raw materials advanced, manufacturing contracted

"To put it another way, South Africa must be the only developing country to transform labour-intensive activities into capital-intensive ones."

Reviewing prospects for the clothing industry, he says last year was a difficult one, with volume output falling by 15 percent and retail sales declining eight percent at constant 1980 prices

Employment dropped below the 1978 level of 110 000

Mr Getz says that for many years the industry had stressed the importance of creating jobs, while watching them decline and doing nothing.

"We acknowledged the Third World characteristics of many of our emerging consumers and their disposable incomes but tried to market and merchandise for their needs at First World prices"

He says the abandon with which suppliers of raw materials and textiles can raise prices will need to be examined by the Board of Trade

In many cases, existing duties are no longer necessary and only serve an inflationary purpose, harming more than helping.

Mr Getz is optimistic that in the short term, the industry will adjust to current levels of demand

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## Teenagers could have babies in detention

By Jo-Anne Collinge

Two Reef teenagers who have been in detention for several months are likely to have their first babies in jail

They are Diana Nojikele (19) of Kagiso and Macia Batta of Daveyton, who is believed to be about 17.

Miss Nojikele has been in detention since August and is about seven months pregnant, according to her sister Ruth

Macia Batta is believed to be about 17 years old and to have been held for several months at Heidelberg in terms of the emergency regulations. Her baby is understood to be due in a month's time.

Miss Nojikele's mother, 42-year-old Mrs Wilhemina Nojikele, has not had a visit to her daughter since she was detained.

Her daughter is being held in terms of section 29 of the Internal Security Act, which provides for solitary confinement

Police have confirmed Miss Nojikele's status as a section 29 detainee. They state that applications for a special visit to her will be "considered on merit".

The Detainees' Parents Support Committee has demanded the release of pregnant detainees.

## Randfontein firings unfair, says NUM

By Mike Siluma

The National Union of Mineworkers (NUM) yesterday said the dismissal of more than 500 miners by Randfontein Estates Gold Mine was unfair because the workers were not given a hearing

The workers were dismissed following last week's violence outside Randfontein's Cooke No 2 shaft which claimed nine lives.

A JCI spokesman said those fired had taken part in the violence or were planning to perpetuate it on the mine.

NUM spokesman Mr Marcel Golding said: "The dismissals are unfair because the workers were not given a hearing prior to being fired"

He pointed out while only 87 miners had appeared in court in connection with the incident, JCI fired more than 500 workers for alleged involvement

## Clothing industry in bad shape

By Sheryl Raine

At least eight Transvaal clothing factories failed to open after Christmas and several others face an uncertain future, according to the National Union of Clothing Workers of SA.

Since January last year, about 40 factories have closed down in the Transvaal clothing industry

While there have been some new factories opening, thousands of workers lost jobs and many are still unemployed

In its official mouthpiece *Garment Worker*, the union says clothing industry workers started this year "with great uncertainty hanging over the industry."

Predictions are that this year is not likely to see much improvement in the clothing industry

## Airfares likely to go up soon

Political Staff

CAPE TOWN — Airfares can be expected to rise before the end of next month South African Airways is suffering a R50 million loss because of the depressed tourist trade and economy, and higher fuel bills

The Transport Budget will be announced on February 19

## Hunt for George rapist: man held

CAPE TOWN — A man is expected to appear in court today in connection with the alleged rape of two women, the attempted rape of a third and the assault of a fourth.

He was arrested in Port Elizabeth yesterday after a two-week manhunt by police from George and Oudtshoorn. — Own Correspondent.

5/2/84  
BUS DAY  
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## Clothing chief warns of skills shortage

FRED STIGLINGH

THE clothing industry could face a shortage of skilled workers during the second half of this year, says Clothing Industry Training Board chairman Simon Jocum.

In his 1985 annual report, Jocum predicts a 3% growth rate for the industry during the second half of 1986, and says retired workers and those lost to other industries may leave a gap when the up-turn comes.

Demand on the clothing industry will be boosted because of growing exports.

Unemployment in the industry, he says, is 12%, and "could have been double ... had the dictates of fashion not necessitated an increase in the amount of styling and workmanship in garments".

In-factory training, says Jocum, is at a minimum because of cut-backs in employment.

He criticises factories which clamour for qualified machinists while neglecting to train them.

"This is the responsibility of management," he says, and adds that the problem cannot be solved by poaching workers from others.

# Sear del lifts

# profit 32.2%

By AUDREY D'ANGELO

YARN manufacturers in this country are believed to have given priority to export orders last season, causing textile deliveries to local clothing firms to be late, the chairman of Sear del Corporation, Mr Aaron Searll, said yesterday.

In spite of this and other difficulties Sear del lifted after-tax income for the six months to September by 32,2 percent to R5,4m

Earnings rose by 33,1 percent to 79,1c a share and the interim dividend was doubled to 8c a share compared with 4c last year.

## Operating income

Turnover rose by 9,7 percent to R211,3m but operating income was 1,7 percent lower at R13,8m

Mr Searll said in an interview that he was "very pleased" by these results in the present trading climate, but the higher profits were due more to lower interest charges and a lower tax bill than any rise in consumer demand

Profit margins were still tight and he thought continuing high inflation would limit the number of units consumers could afford to buy in the coming season.

"Orders are reasonable at this time of year but inflation remains a serious problem

"It is difficult to pass on cost increases in the present climate but we will have to do so because we cannot continue to absorb them.

"This means that clothing will cost up to 25 percent more next summer."

Mr Searll said that most of the fabrics Sear del used were manufactured locally.

## Textile deliveries

"We had serious delays caused by late deliveries of textiles.

"I have been given to understand that this was because the yarn spinners were exporting large quantities and were late in supplying the textile manufacturers."

Mr Searll said the low value of the rand would have made it uneconomic to import textiles in the past season

The rand was now rising to a level which would make importing textiles a feasible proposition again "but high import duties and the import surcharge have an inflationary effect".



**HUNDREDS** of workers in the clothing industry in the Transvaal have lost their jobs owing to retrenchments while great uncertainty hangs over the future of the industry as the recession takes its bite.

Leading trade unionist Mrs Lucy Mvubelo yesterday said while most factories have reopened with the same workforce, at least eight Transvaal factories failed to open in the New Year.

She was reacting to an announcement this week by the Beilla Textile clothing firm at Chamdor that it is to retrench about 100 workers because the company was closing due to the bad economic situation.

Mrs Mvubelo, who is

# Closure of clothing firms hits workers

By JOSHUA RABOROKO

the general secretary of the National Union of Clothing Workers (NUCW), told The SOWETAN that the future of their members was bleak

She charged that some of the factories were not closing down because of the recession, but "these companies were moving to the homelands where they exploit cheap labour".

Mrs Mvubelo, who is a leading advocate for foreign investment in South Africa, also expressed concern over the high rate of unemployment in the country which she said was reaching alarming proportions.

Referring to the Beilla Textile company, she said the union had been able to negotiate a "good package" for its members. The package,

she added, included bonus, pension benefits, long service and two months' pay.

Some of the companies that closed this year include Leather Two Thousand, Julian CMT, the CMT section of Republic Knitwear, Le Chat, S and L Investment, SA Shirt, Linecraft, Marques Fashions and J Nana.

ARG. 25/4/86

## City clothing firm wants ruling on workers set aside

Supreme Court Reporter

A CITY clothing manufacturer has asked the Supreme Court, Cape Town, to overturn a judgment by the Industrial Court in a dispute concerning seven dismissed workers.

Towles Edgar Jacobs (Tej) has asked the Supreme Court to revise and set aside an Industrial Court judgment which linked the dismissal of seven clothing workers to an unfair labour practice.

The workers were told last April that they were being made redundant at the end of May.

They allege their dismissal was unfair as they were longstanding employees and allege that the company did not follow recognised practices in making them redundant.

Tej denied unfair dismissal or unfair labour practice and claimed it offered the workers alternative jobs.

The Industrial Court found the dispute concerned dismissal as

well as unfair labour practice and both were integrally linked.

In an affidavit supporting the Supreme Court application Mr D C Anderson, the production manager at the Tej factory in Steenberg, said the Industrial Court judgment was wrong and submitted that it did not have the jurisdiction to hear the matter.

This was because it concerned the termination of employment (as set out in Section 43 (1) a of the Labour Relations Act) and not an unfair labour practice or unfair dismissal.

The company also seeks a declaration from the Supreme Court that the Industrial Court is not empowered to grant the reinstatement of retrenched employees in terms of Section 46 (9) of the Act.

The co-respondents, Jeffrey October, David Sylvester, Noel Arendse, Kenneth Dearham, Priscilla Cotton, Barbara Mansingh and George Langehoven are seeking reinstatement.

(Proceeding)

2184 (20) WEDNESDAY 27/2/86

## Drop in clothing sales expected

CLOTHING sales were expected to decline a further 3% this year, National Clothing Federation president Mike Getz said yesterday.

"The volume of clothing currently being manufactured in South Africa is no higher than that manufactured during 1979," Getz told a Johannesburg Press conference.

In a survey taken during December 70 clothing manufacturers expected a further decline in production volume during the first quarter of this year, a further decline in orders received, and a decline in the number of work-

LINDA ENSOR

ers employed and hours worked per factory, he said.

Since reaching a peak at the end of 1981, output in the industry had shrunk by about 35%, compared with a 9% decline in employment.

Fabric contributed between 55% and 60% towards the industry's costs and the protection enjoyed by important sectors of suppliers meant "raw materials are being supplied under conditions of no competition and no penalties for non-performance"



# Group to retrench about 300

Own Correspondent

DURBAN. — About 302 workers of the Foschini group's clothing stores throughout the country are likely to be retrenched next month, Mr H. A. L. Matthews, the managing director, confirmed yesterday.

But Mr Important Mkize, a spokesman for the Commercial, Catering and Allied Workers' Union, said the union had declared a dispute with Foschini after the company allegedly refused to accept the union's alternatives to the retrenchment.

Mr Matthews said the retrenchments were the result of "very careful consideration and negotiation" with the union over the past two months.

He said the union's proposals were totally unworkable. The company was reluctant to reduce its staff but their posts had become redundant.

The group will retrench workers from its Pages, Markhams, American Seas and Foschini stores throughout the country.

BUSINESS

RETAILING

BANKING

# Garment prices to soar

By TOM HOOD

SIX out of eight retail groups expect clothing prices in the shops to rise even faster in 1987 than the present rate of 16,6 percent

However, one chain expects the increase of 16,6 percent to continue while another forecasts a drop in retail prices

This is disclosed by the National Clothing Federation after discussions with the eight retail groups — Edgars, Foschini, OK Bazaars, Pepkor, Truworths, Woolworths, Boymans, and Unewinkels.

The chains accounted for 44 percent of the R4 600-million spent on clothing in the 12 months ending September.

Four of the groups expect manufacturers' prices to accelerate above the current 18,1 percent, three expect no change and one expects a decline

Commenting on high cost increases, a report from the chains says "In view of limited disposable income, one of the more important avenues open for increased clothing consumption and hence increased job creation is to contain input costs.

"It is important not to accept input costs meekly but to insist on a full motivation and exposition of such increases, especially where such increases were in excess of the rate of inflation

"The question of local fibre prices being in excess of world prices also needs close examination — a matter which will hopefully be a major element of the current Board of Trade and Industry's investigation"

The chains suggest direct subsidising of local production costs instead of indirect subsidising by way of tariff protection is also worth considering

Mr Mike Getz, president of the National Clothing Federation, says recent price escalations and those to come, particularly in domestic fabrics and inputs, have been dramatic.

## MUTUAL INTEREST

"We must in the end look at our competitiveness and demand accounting for the kind of price increases which destroy value. We should not as individuals or as an industry accept price hikes without detailed and comprehensive and credible motivation

"It is all very well crying over inflation but suppliers and retailers cannot expect manufacturers to continue indefinitely accepting pressures from one and constraints from the other, effectively subsidising the bottom line of both"

It was of mutual interest to recognise that increased consumption and increasing consumers was a common and strategic goal for everyone in the supply line, from "bale to sale"

All eight retail groups reported increases in sales volumes, estimated at 11 percent higher than six months ago

Average sales units for the next six months are estimated to rise by 2 percent, although one retailer expects no change and one expects a decline

Ms 30/12/86

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# Cloth shortage threatens manufacturers

184  
SUNDAY TIMES  
BUS 9/3/86

By Don Robertson

**CLOTHING** manufacturers are considering emergency imports of fabrics and will ask Government for a temporary suspension of duties.

The move has become necessary because of a shortage of SA-made textiles and yarns

The shortage is about 15% to 20% of annual requirements and is likely to continue for another two to three months

The problem has resulted in a series of "warm debates" between the National Clothing Federation (NCF) and the Textile Federation (TF) about reasons for the shortages

## Survival

To facilitate the economic importation of fabrics, the NCF will ask the Board of Trade and Industry for a temporary lifting of excise and import duty

Mike Getz, president of the NCF, says that unless the shortage of fabrics is quickly resolved many of 1 200 clothing manufacturers will be fighting for survival.

Stanley Shlagman, executive director of the TF, says the position has been over-dramatised. He urges manufacturers and retailers to

adopt a more rational approach to ordering

The shortage developed for several reasons. Retailers reduced stocks last year because of the high cost of maintaining them. Manufacturers were affected, and reduced their orders from fabric producers

## Weak rand

The result was a decline in demand for textiles and to maintain production many manufacturers turned to the export market for yarns and fabrics. The weak rand helped them.

A subsequent realisation by retailers that stocks had fallen too low prompted them to begin a re-ordering programme, which caught the textile manufacturers short of product.

Mr Shlagman insists that there is no lack of volume availability, but concedes there is a shortage of textiles as producers meet export orders. He believes this will last for at least the next two months.

However, he warns clothing manufacturers that "there is no quick fix and orders will have to be placed through normal channels. Even if they are able to rely on imports, they will find

themselves in the invidious position of much higher costs."

He says SA textile prices rose by 17% last year compared with an average rise of 35% for imported material.

However, Mr Getz is confident that the NCF's approach to the Government for duty relaxation will be favourably received.

Aggravated by the current textile shortage, clothing production is expected to fall by 3% this year to levels ruling in 1979. This represents a decline in production of 35% since the peak at the end of 1981 and compares with a 9% decline in employment and no change in the number of manufacturers

## Challenges

To meet these challenges, Mr Getz calls for a more sophisticated approach to management in the clothing industry. He says marketing, innovation and response to changes in the market must play a bigger role.

The NCF found in a survey that there was generally an expectation of a further decline in production volume and orders in the first quarter of this year, as well as a drop in employment and hours worked at factories.



Cape Times 15/3/86

# Union gets order on Athlone lingerie firm

Supreme Court Reporter 184

A UNION brought an application in the Supreme Court yesterday to have a firm for which its members worked, placed under provisional liquidation

The Garment Workers Union of the Western Cape succeeded in its application, and a provisional order returnable on April 9 was granted against Nightingale Lingerie Manufacturers (Pty) Ltd, formerly of Dawid Road, Athlone, Industria One

On October 1 last year a fire damaged the firm's premises to such an extent that trading ceased, according to papers before the court. Damage to stock and equipment alone was about R1,2-million

Union official Mr Desmond Sampson said in an affidavit that a director of the company, Mr J Brian, had approached the union for "financial assistance in regard to the payment of wages"

The GWU advanced R7 334,04 to the company on October 18, and another R5 000 on October 25.

In mid-December the company again approached the union, but this time the union refused

Nightingale's creditors were owed about R800 000, according to an affidavit by Mr Abe Swersky

Ms Suzanne Spray, a director of Nightingale, said she was paying for litigation between the company and its insurers and its bank after the policy on the stock and equipment had been repudiated on the grounds of non-payment of a premium

Mr Justice M R de Kock presided. Mr D Horn, instructed by Herbsteins, appeared for the union. Mr J Sher, instructed by Abe Swersky and Associates, appeared for the company

SMK 18/3/86

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## Garment manufacturers slump

CAPE TOWN — Figures released yesterday in the annual report of the Cape Industrial Council for the Clothing Industry indicate a serious slump in garment manufacturing, with 79 factories closing down in 1985.

In his report, the chairman of the council, Mr A M Rosenberg, said the number of clothing factories operating in the Cape decreased from 412 to 373, with 79 closing

down or being absorbed into other firms, and 40 new factories being opened.

The number of workers in the industry subject to the council's agreements decreased from 59 825 to 51 286, a drop of 8 539 for 1985.

This is a total decrease of 14,7 percent and compared with a "net gain of eight manufacturers and 1 959 employees in 1984," he said. — Sapa.

# Business DAY 184 14/1/86 Serious fall in clothing demand

STEPHEN CRANSTON

THERE has been a serious fall in demand for clothing, according to Hennie van Zyl, spokesman for the National Clothing Federation.

"Current production is down to 1979 levels," he said.

Van Zyl was reacting to the Bureau of Economic Research (BER) *Manufacturing Survey* report on clothing manufacturing that said insufficient demand was the main obstacle to livelier real activity levels.

Sales fell in real terms from R332,1m in the fourth quarter of 1981 to R306,9m in the same period of 1985 — an average annual decrease of 2%.

Van Zyl added that the shortage of raw materials was also becoming an increasing problem.

He agreed with the recommendation of the report that the industry should adapt itself to Third World conditions, although he said the problem in SA was that costs were comparable with those in First World countries.

"Exports are also a potential area for growth," he said, "as we only export about 3% of our production."

"The depreciation of the rand did

result in an increase in exports, and a delegation from the federation is now discussing import quotas in Washington."

Van Zyl said that it was important that the economy did not become too dependent on minerals and service industries to the neglect of the manufacturing sector.

The clothing sector is a most effective job creator, he added, as it is labour-intensive, "low tech," people can be trained easily and because companies can be formed with a small capital outlay.

According to Textile Federation director Stanley Shlagman, the problems of the clothing industry had been compounded by extensive destocking.

David Levy, general secretary of the Transvaal Industrial Council for the Clothing Industry, praised the BER report as a very accurate reflection of the clothing industry.

However, he considered the conclusion of the report, which said population growth provided a golden opportunity for the clothing industry — as excessively optimistic.



## Call to reduce import duties

# Clothing firms hard hit by fabric shortage

CMT Trade  
23/4/86  
BY [initials]

By AUDREY D'ANGELO

THOUSANDS of jobs, and thousands of rands worth of business, are being lost because a shortage of fabric is forcing Cape Town clothing factories to work short time

To ease the situation, clothing manufacturers are appealing to the government to reduce import duties temporarily

### Consumer

The chairman of the Cape Clothing Manufacturers Association, Simon Jocum, said in an interview last night that a reduction of import duties would not harm South African textile manufacturers, who would still have the major share of the market

But it would enable manufacturers to import fabric they needed to carry out orders at prices which would keep clothing within reach of the average consumer

"We are in the ridiculous situation that there is a shortage of fabric in the middle of a recession," Jocum explained

"In normal times we import 20% of our fabric and 80% is produced locally. But, because of the

weakness of the rand, imported fabric costs so much that at present only about 5% is imported"

However, he said, the South African textile industry was exporting profitably because of the weakness of the rand — which was the correct thing for it to do — and lacked the capacity also to meet an increased demand from local manufacturers

"They laid off workers at the start of the downturn and cannot get them back — they are lost to the textile industry

"It takes six months to train workers new to the industry. And the textile industry knows from experience that our economy goes from boom to bust like a yoyo and is unwilling to invest in more plant when it knows demand may have fallen again in a year or so."

Jocum said the textile mills were also unwilling to fill small orders from factories employing 80 workers or so, preferring the long production runs they could get for export orders

In this situation, a "grey market" had arisen with manufacturers selling fabric to each other

"The ridiculous situation has arisen when it is almost more profitable to sell fabric to other manufacturers than to sell clothes"

The secretary of the Industrial Council for the Clothing Industry, H Nel, said that in the three months to December the number of jobs in the Western Cape clothing industry had dropped from 59 000 to 51 000

### Applications

Between the end of December and the end of April there had been a further fall to 49 000 jobs and if the shortage of fabric continued he expected a further drop by the end of June

Nel said he was receiving applications from factories to work short time because of a shortage of fabric

In a speech to clothing manufacturers at a city hotel last night, Jocum said that raw material prices had risen by 20% in the past year

Retailers were ordering at shorter notice while the textile mills wanted manufacturers to order further in advance — sometimes as long as eight or ten months

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# Cost of dressing up may come down

By TOM HOOD

CLOTHING prices could be cut and unemployment eased if a lowering of import duties becomes more widespread in the clothing and textile industries.

The Government cut import duties in the past week on knitted fabrics to 25 percent from around 35 percent.

This follows a redrafting of the import duty structure and will help clothing manufacturers who have been hard hit by high import prices and a shortage of knitwear fabric.

Also, next month clothing

manufacturers will present their case to the Government for a temporary reduction in import duties on a wider range of fabrics of which there is an exceptional shortage.

The textile industry is also worried about a shortage of yarn and is applying pressure for a reduction or temporary abolition of duty.

Factories all over the country have laid off workers or cut working hours because of the shortage of fabrics.

"If fabric prices don't come down and the scarcity gets worse, it will obviously affect

employment," said the chairman of the Cape Clothing Manufacturers Association, Mr Simon Jocum, this week.

"Once you have factories going on to short time and jobs are involved, the matter must be tackled very quickly."

Exports of fabrics, benefiting from the low rand, had aggravated the shortage.

But exporting was good business and was the industry's right, he added.

"We also have a right to seek other resources at reasonable prices."

# Clothing group retrenches 235

29/4/86  
DISPATCH

**Dispatch Correspondent**  
CAPE TOWN — The Foschini group has retrenched 235 workers throughout its divisions nationwide following a deadlock between the Commercial Catering and Allied Workers' Union of South Africa and management.

Mr Jackie Masuku, a branch secretary of CCAWUSA, alleged Foschini did not use "recognised dispute-resolving machinery" and unilaterally chose to retrench the workers, making "a farce and mockery" of industrial relations.

Mr Clive Hirschsohn, Foschini deputy managing director, said staff had been laid off only after "intensive discussions" with CCUWUSA over two years. The group had been "obliged" to reduce its staff "as a result of the adverse economic climate".

He said the retrenchments had been inevitable because the past year had been the first

that growth in published profit for Foschini Ltd "did not exist".

Mr Masuku said the union had proposed that rather than workers losing their jobs, "the burden should be shared by introducing short time or a reduced hours scheme" to be negotiated between the union and the company.

But he said the company was "refusing to listen to the union's pro-

posal", saying such a scheme was unworkable in the retail trade.

Mr Hirschsohn said the scheme had been "very carefully" considered, "but we do not believe it can be put into practice effectively".

Mr Masuku said retrenched workers planned to picket certain Transvaal stores. Mr Hirschsohn said he had only one report of a store being picketed.



# Foschini picket

30/4/88  
CLARE PICKARE CAMBRIDGE 2/88  
PICKETING Foschini workers chanted  
outside Johannesburg's Eastgate shop-  
ping centre yesterday on the third day of  
strike action to demand the reinstatement  
of more than 200 retrenched workers

A Foschini spokesman said 47 stores  
were still affected after 19 of the 259  
strikers returned to work yesterday.

A stalemate has developed between  
management and the Commercial Ca-  
tering and Allied Workers' Union  
(Ccawusa). Workers are demanding that  
retrenched workers be reinstated and  
that the workforce should embark on  
part time or short time. The company  
believes it would be difficult to have a  
temporary workforce.

F IN MAIL

FOSCHINI

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## Well controlled

**Activities:** Chainstore retailing clothing and jewellery. The group operates under the names Foschini, Markhams, Pages and American Swiss

**Control:** Lefic owns 50% of the equity. The directors have ultimate control

**Chairman:** S Lewis, managing director H A L Mathew

**Capital structure:** 970 082 ords of 50c, 200 000 6,5% cum prefs of R2. Market capitalisation: R191m

**Share market:** Price: R197. Yields: 4,1% on dividend, 8,5% on earnings, PE ratio, 12, cover, 2. 12-month high, R260, low, R170

**Financial:** Year to December 31.

	'82	'83	'84	'85
<b>Debt</b>				
Short-term (Rm)	21,2	7,4	0,6	0,1
Long-term (Rm)	13,0	12,0	12,0	11,9
Debt equity ratio	0,72	0,34	0,16	0,14
Shareholders' interest	0,40	0,46	0,49	0,50
Int & leasing cover	3,9	7,7	10,8	2,5
Debt cover	0,60	1,21	3,2	0,25

<b>Performance</b>	'82	'83	'84	'85
Return on cap (%)	2,5	26	24	20
Turnover (Rm)	229,1	245,0	266,2	279,7
Pre-int profit (Rm)	29,6	32,7	38,2	35,5
Pre-int margin (%)	12,9	13,3	14,3	13,0
Earnings (c)	1 384	1 715	1 910	1 684
Dividends (c)	673	770	812	812
Net worth (c)	4 858	5 803	7 969	8 842

Few investors are likely to lose sleep over Foschini's 12% fall in earnings — its first-ever decline. It was probably inevitable that after three years of contra-recessionary growth, some strain would begin to show. Through excellent asset management, Foschini has always maintained growth in stagnant markets but it may have reached the limit of its efficiency gains.

Asset control, particularly in the areas of stock, debtors and cash flow, has been given careful attention for some years. The latest accounts point to continued improvement.

The debt equity ratio fell last year to 0,14 (0,16), well down on the 1982 level of 0,72. And despite an increase in annual turnover, the stock holding declined to R43,8m

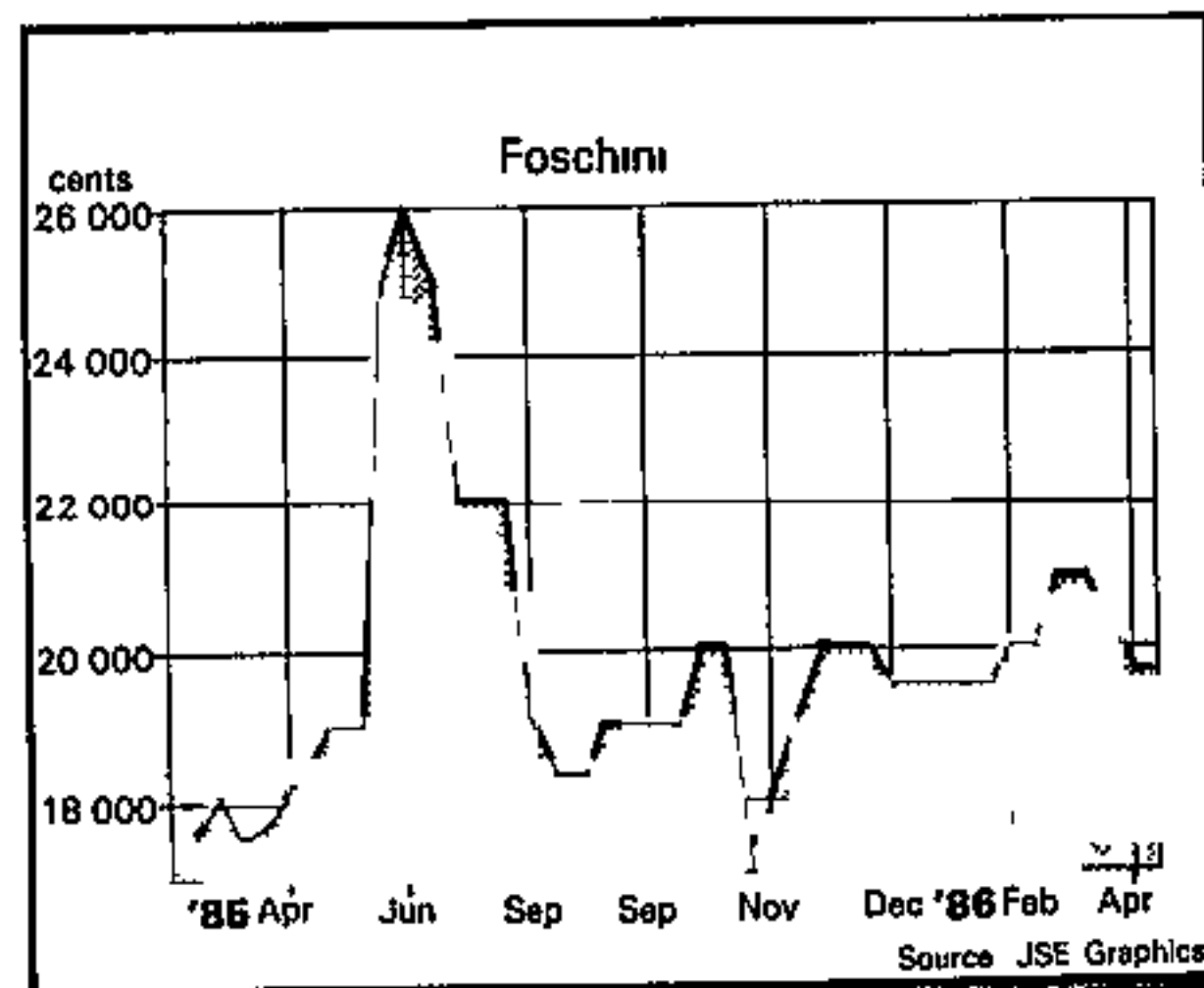


**Foschini's Lewis ... not making predictions**

(R45,6m) Stock control has been aided by the high level of computerisation, which became fully operational last year.

The debtors balance jumped sharply to R101,7m (R89,7m), possibly reflecting consumers' tendency towards credit buying during recession. But despite its having to carry an enlarged debtors book, and even after pouring R6m into capex on new and existing stores, Foschini still managed to increase cash resources over the year from R6,5m to R9,1m.

Group sales in the first few months of 1986, chairman Stanley Lewis says, are up



on the previous year. But he adds that "in this uncertain climate, it is far too early to predict, with any degree of certainty, how the year will end."

Nevertheless, the market trusts Foschini's ability to show resilience in the face of poor trading conditions. At R197, its share yields 4,1% on dividend, which is marginally better than the 4,4% dividend rating of its main competitor, Edgars. Foschini's stock seems fairly rated at current levels, bearing in mind that it has traded as high as R260 this year.

Neville Glaser

## ORGANIZATION OF THE

Michael Savage

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TEXTILES AND CLOTHING

# Pepkor bucks the trend and looks to exports

ly Wage: R 54.48

ly Wage: R 45.75

y Wage: R 44.46

CHRIS CAIRNCROSS

WESTERN CAPE clothing manufacturers are still licking the wounds incurred by the damaging conditions experienced over 1985 — slated as the blackest year for this sector since the Thirties

Many small companies, most running cut-and-trim operations and the like, were forced to shut their doors or temporarily suspend their activities. This has had a dramatic impact on unemployment and subsequent hardship for thousands of families in a region very dependent on clothing and textile companies for their livelihood.

Out of a workforce of 60 000 in the clothing industry in this region at the beginning of 1985, well over 10 000 — almost 24% — had been put out of work by the end of the year

Now, more than four months into 1986, the unemployment problem has yet to show signs of being turned around

The traumas of the past 18 months and the still uncertain trading conditions prevalent now has far from dimmed the buoyant optimism of Western Cape industrialist Christo Wiese, chairman of the R582m Pepkor group

But then Pepkor, strongly involved in textile and clothing manufacture — and the retailing of these commodities through the Pep Store chain — has survived the past 18 months in finer shape than most in this sector. And this in spite of the fact the group experienced pre-tax foreign exchange losses last year of R50m — subsequently made up with a successful R74m rights issue

Pepkor's interim results for the six months to the end of August last year reflected an 18% rise in turnover to R330m and a 19% increase in trading profit to R21,6m

Publication of the full year's results are not far off, and Wiese is not prepared to pre-empt them. Nevertheless, he hints that trading performance over the last six months of the financial year are likely to reflect similar margins of improvement

"We have, in a way, been protected from the conditions that have harmed others in the clothing sector," Wiese says

Pepkor's special vertical manufacturing/retailing operations have been a fundamental factor in this regard. Factory capacity was fully utilised during the year, and even expanded to meet the increasing demands via Pep Store outlets feeding the lower end of the clothing market

Pepkor has also been particularly successful in establishing a firm foothold into export markets and increasing its penetration, sales during the year topping R9m

A new market was created with the shipment of more than 500 000 school shirts to Britain and this, too, was also successfully built upon during 1985

Progress was also achieved in expanding the volume of exports of women's underwear to approach a target of some 1,5-million units a year.

These successes have placed Pepkor in an enviable position of being one of the few clothing concerns in the region that has not been forced to reduce its workforce.

Pepkor's "horizontal" manufacturing operations have also been performing credibly, particularly with regards to the House of Monatic

Pepkor took over I L Back from the Rembrandt group about four years ago and has been steadily rebuilding the operation, of which House of Monatic has been the main component

According to Wiese, 1985 saw House of Monatic regain much of its previous share of the market and, after a decade of operating at a loss, it is now well into the black

Looking ahead from a position of comparative strength, Wiese remains optimistic 1986 will event-

ually see some recovery in conditions for the clothing sector.

"We should see things picking up in the third quarter," he says. "There is a greater element of stability in the exchange rate, and expectations are rising"

Wiese cautions, however, against being too euphoric over prospects

"There are so many enormous variables in the equation it makes planning that much more difficult"

He expects conditions to remain volatile, a situation demanding a high degree of flexibility in the running of such a complex business. He notes, too, a growing acceptance that the structure of the domestic market for the clothing industry is in the process of dynamic structural change, in which the demands of the third world sector of the market has already climbed to a position of dominance

Wiese dismisses as glib and weak protestations by some clothing companies that local cost pressures are making it virtually impossible for them to compete in an open market situation. Most, he reckons, can probably be faulted for making poor use of their existing asset base and he maintains there is no reason why increases in production volumes cannot be achieved by introducing multiple shifts — instead of resorting to the costly route of spending scarce capital resources on additional infrastructure.

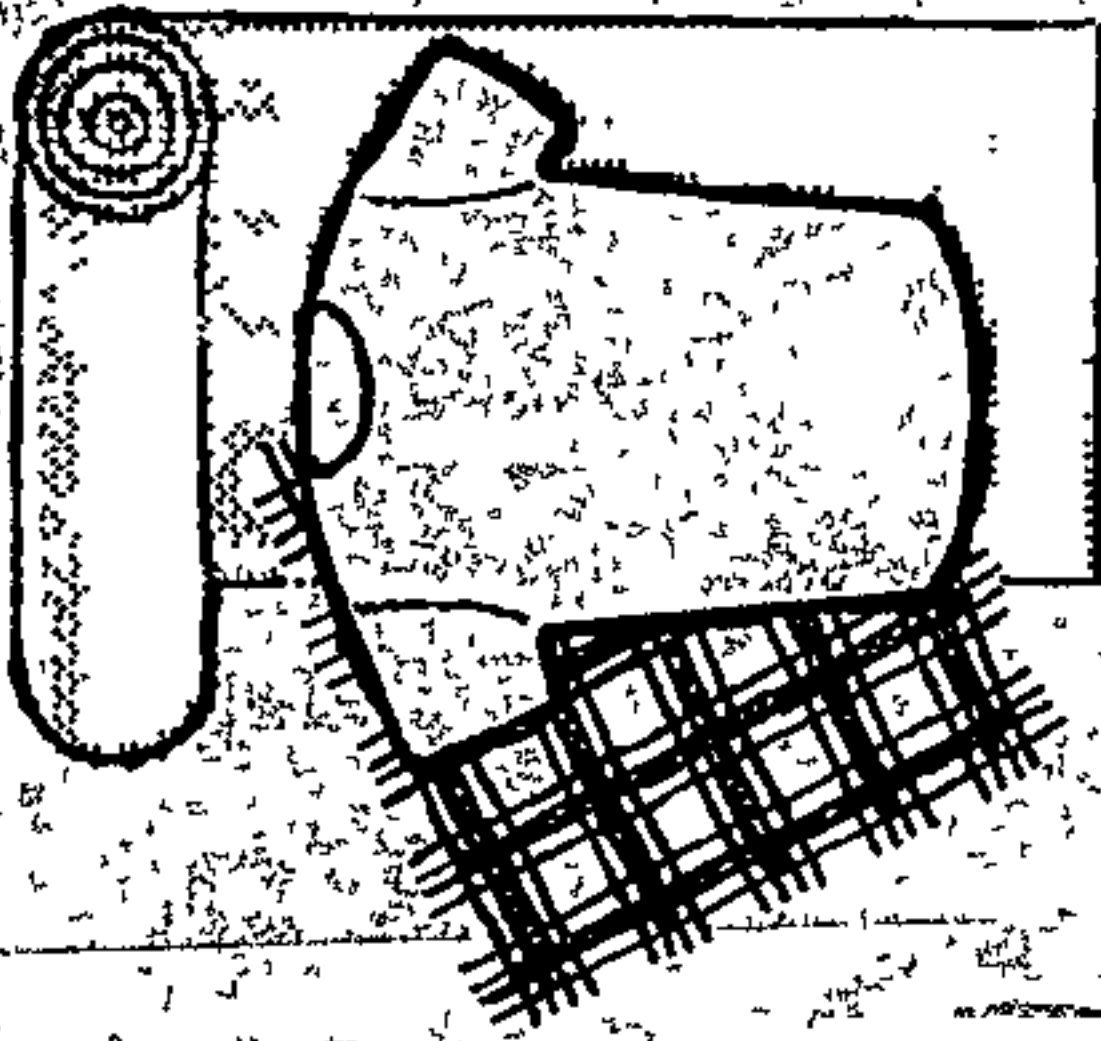
"Utilise the same asset base, increase volume output by additional shifts and whole new worlds will open up," he says

Several Pepkor factories have already been placed on multiple shifts, running 24 hours a day — realising a better return on assets than would otherwise be the case.

The emphasis in Pepkor's case is, apparently, to greatly expand its export base. The goal is to eventually have exports providing 30% of the group's turnover. Contributions from this quarter currently account for 5%.



BUSINESS DAY, Monday, May 12 1986



# CLOTHING AND TEXTILES

## A Business Day Survey

THE clothing and textile industry has been one of SA economy's poorest performing sectors in the worst recession in 50 years.

Last year its production levels were 7% below the already depressed levels of 1984. In fact the physical volume of production is back to levels last seen in 1979.

Capacity utilisation in the textile industry averaged 85,9% at the end of last year and that of the clothing industry declined to 88,1%.

Some sub-sectors within the textile industry are doing much worse than the average suggests. According to the Textile Federation, the fabric knitting industry last year recorded levels of output 35% below 1984. It reports that there have been a number of closures in this area and more are threatened if economic activity does not pick up soon.

Inflation has played havoc with input costs. The collapse of the rand over the past 18 months has been the major factor in soaring prices.

As a Textile Federation spokesman

Qu? DAH 10/5/86 (84)

# Textile industry is hanging on by a thread

JOHN TILSTON Economics Editor

While natural fibres such as cotton and wool are produced locally, prices are set internationally. So while the international dollar price of cotton in fact declined, the local rand price increased sharply by over 20%. The wool price showed an even more dramatic price surge, so much so that a very discernible move towards synthetic blends has become apparent.

The production price index (PPI) increase for the textile industry rose by 21,7% over the 12 months ending in January, which was marginally below the overall PPI increase of 22,2%. But the section of the consumer price

The twin blows of increasing costs and lower sales have squeezed profit margins to the point where the continued existence of a number of producers must be in doubt.

The depressed economic conditions are also reflected in industry employment figures in November last year when employment in the textile industry was 3% below the levels of two years previously, and the situation is since deteriorated. The clothing industry suffered a similar decline. The combined employment of both industries is now about 205 000.

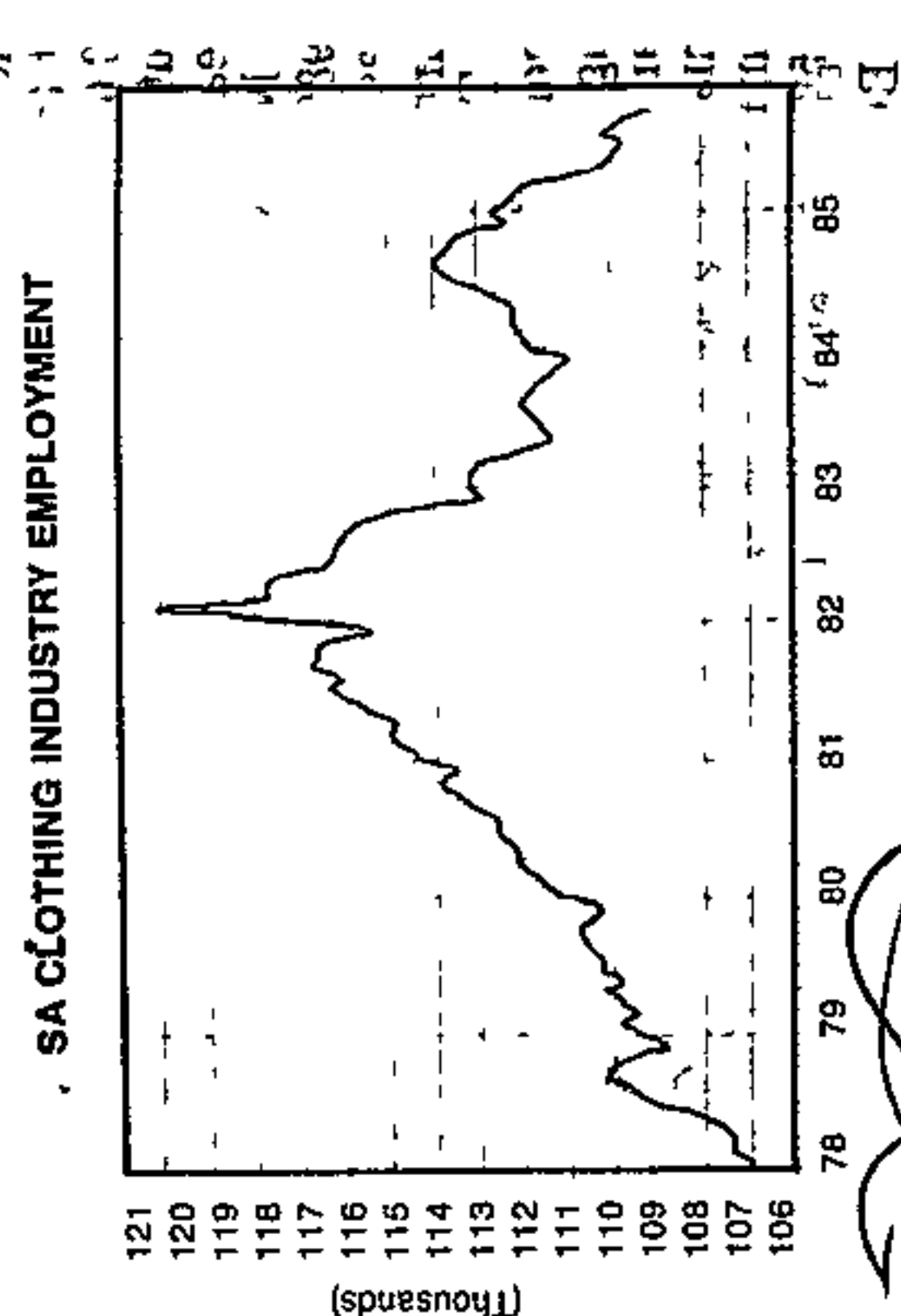
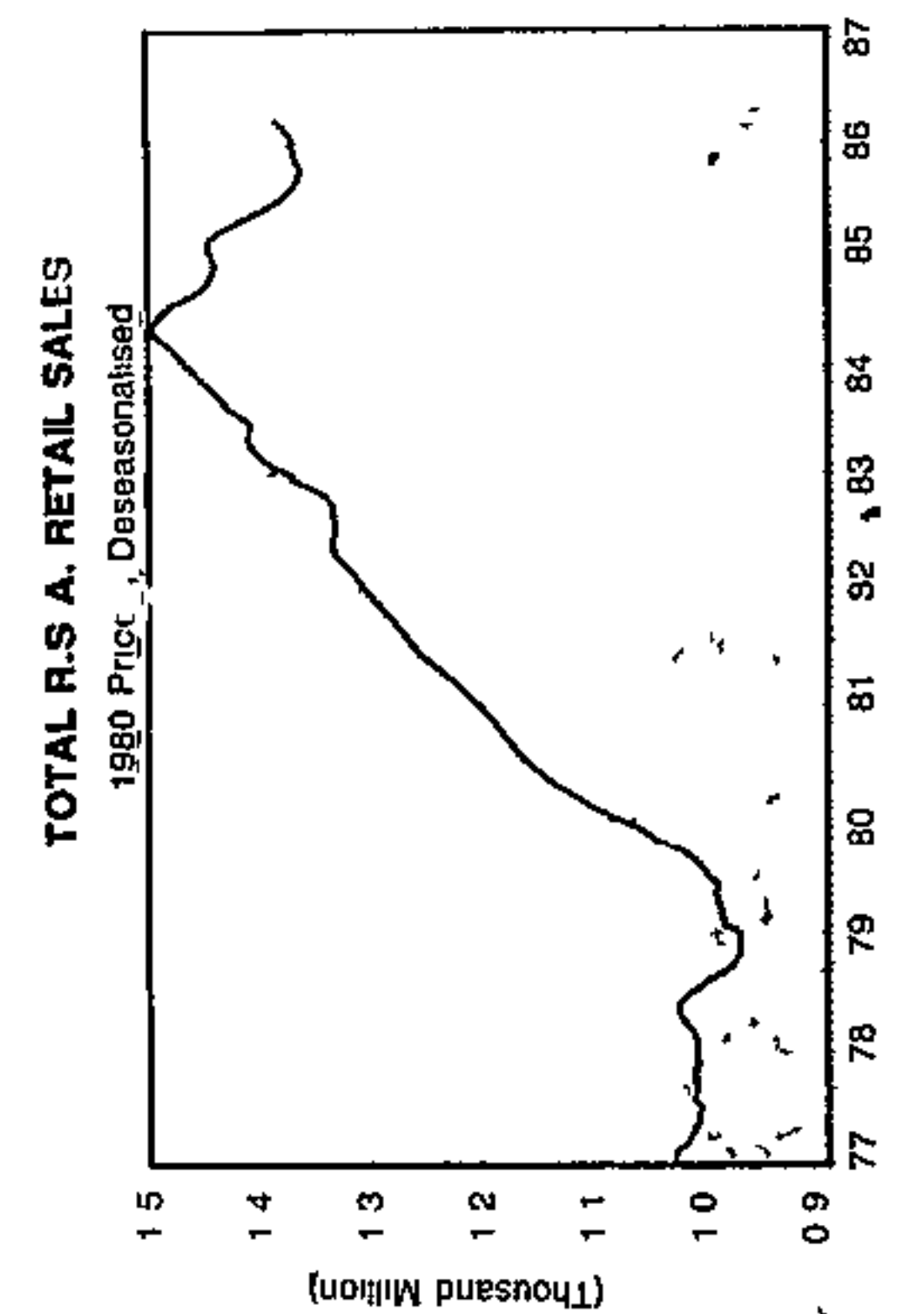
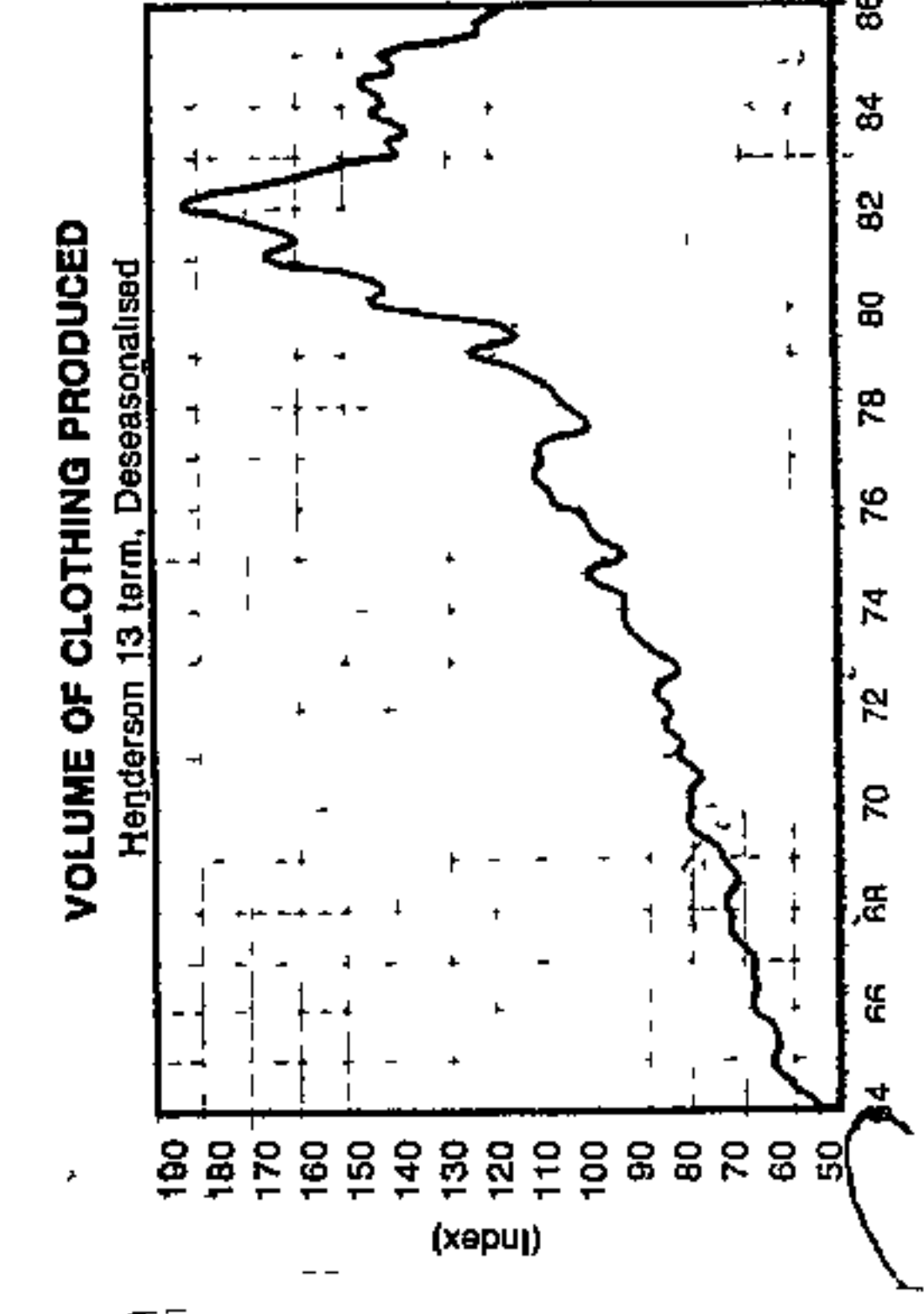
Nevertheless, there is some opti-

It is based on hopes that the predicted economic growth of 3% will offer some spin-off to the sector and boost sales, though the long-awaited economic upturn is now showing signs of faltering.

However, Anglovaal chairman Basil Hersov said in the group's annual report last week that factors in favour of staying in the textile business are dwindling competition and the conviction that there is a market for high-quality textile products.

His group believes it is the run-of-the-mill products that will continue to fight against cheap imports.

The low rand has hit importers right across the economy, and the textile sector is no exception, but imports are still flowing in. Overall they are down by 50% in quantity terms and 33% in value terms. Exports had been steadily increasing until the first quarter of this year, when they dropped to R216,4m from the corresponding quarter last year when they totalled R260m, according to latest Customs and Excise figures.





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# Study highlights dire need for capex

SOUTH AFRICA'S textile industry will be in a sorry state by 1990, if the textile mills have not made allowances for reinvestment in new equipment for yarns, weaving and finishing

This is the finding of a comprehensive multi-client study on the SA textile industry undertaken by Business & Marketing Intelligence, the largest industrial research company in the country

The study, which covers 1984 and 1985, was undertaken by Henry Laing, who has degrees in both chemical engineering and business administration, with the full co-operation of the Textile Federation

"Our clients have reacted very positively and we have already been requested to bring out an updated version before the end of the year," said Laing.

The study found that at the clothing manufacturing level many of the companies concerned were not sure of the yarn blends and construction of the fabrics produced

"Within the framework of price increases, considerable shifts are expected to continue to take place between various fibre, yarn and fabric types. The price increase in cotton yarns is considerably lower than those of other yarns. Price as such will be dictating the construction of fabrics, rather than consumer demand. Back to basics rather than fancies, appears to be a catch phrase bantered around the industry a good deal."

Cotton prices have more or less been set by one company, with others following suit, said the study

"The pegging of polyester prices has often followed that of cotton. A

game of substitution. This year, however, polyester will be hard pressed to keep its prices in line with the minimal increases in cotton."

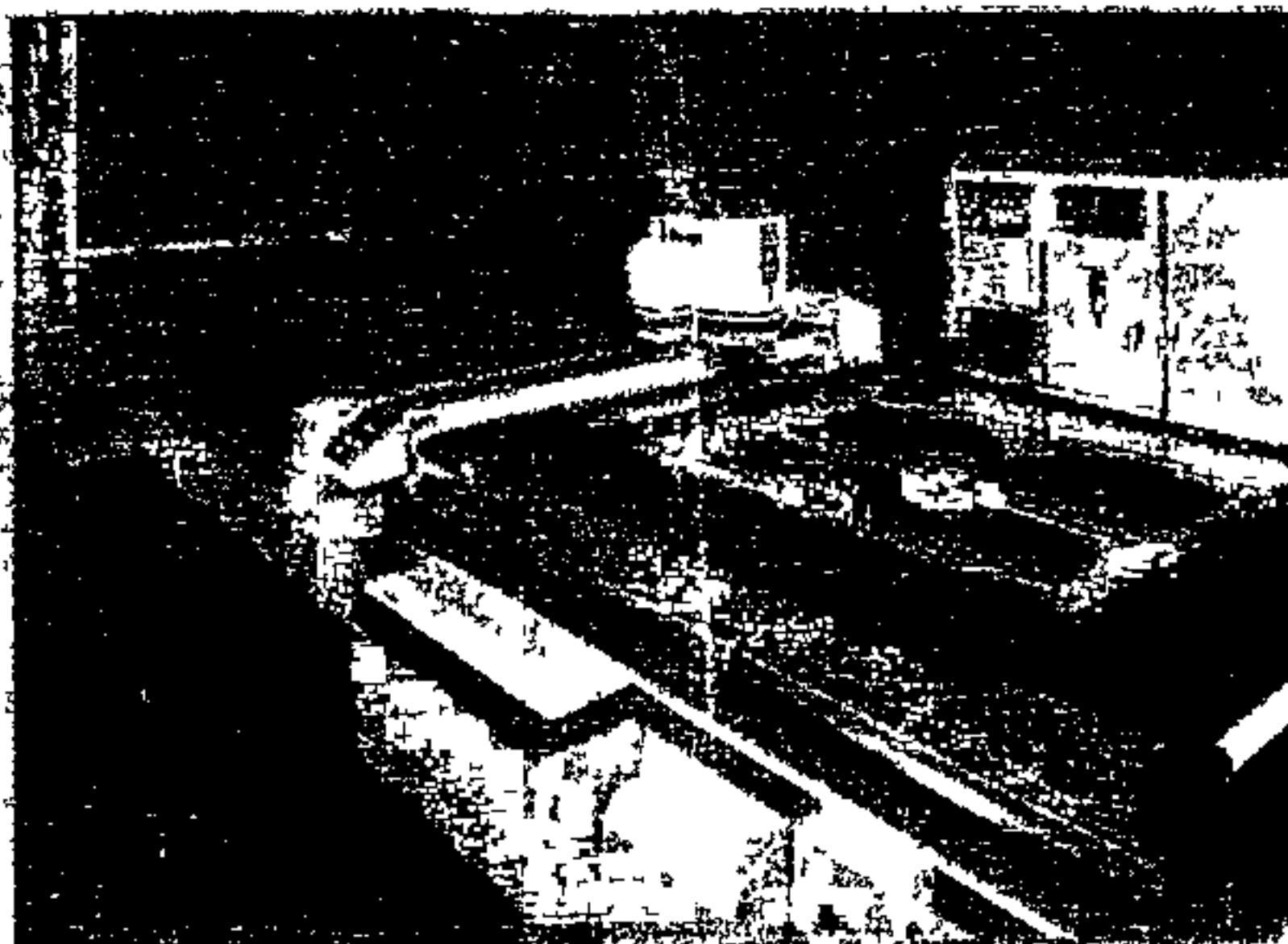
The study notes that most plants contain a high proportion of old equipment which for basic fabrics, apart from speed and meterage throughput, would present few problems. Cause for concern lies in the ability to produce fancy wovens/yarns and the eventual need to meet market demand for variety

"Naturally the greater the throughput the lower the cost. Those companies which since the early Eighties installed new equipment, will benefit. But there are only a few companies which did. With the rand-dollar exchange rate in its present form, it becomes practically prohibitive for most plants to invest in new and updated equipment.

"Particularly during 1985, when imports of fabric and garments reduced drastically in volume, the textile would have been in a much better position to take advantage of the situation/import substitution, had it continued to make investments in new and updated equipment. As soon as local demand is on the mend, one will find imports, even with the higher price tag, rising considerably above those fabrics in most cases cannot be made locally

"For some the argument may be that the runs are too small to warrant production. For others the belief is held that if those fabrics were locally available, a market would be created.

"All in all, the day that textile mills could set up with second-hand equipment, as has been the case in many developing countries, no longer exists"



GERBER cutter automated fabric cutting machine

## Will automation provide the answer?

ANNABELLE GORDON

THE CLOTHING and textile industries are considered labour intensive but the struggle for survival may prove this to be a fallacy

"We require consistent quality and productivity, we need to be able to produce and deliver goods on time and to compete on price. Delivery, speed and quality are important. The answer lies not in labour but in automation, it is becoming essential in the critical part of business," says Robert Wachsburger of Intamarket, distributors of Gerber cutting and grading systems

"Interchangeability of parts is vital to automation

"Look at the industry. Companies that invested in machinery are the survivors. The rest went in, so labour was retrenched. Rather have automation and less labour better employed

"In this industry the biggest cost is fabric. There is more potential saving in controlling fabric than in any other area — which automation can do

"During the last six years Inta-

mark has put machines into major companies in SA — incredibly most of them did not know their true costs, but were astonished at subsequent savings — and not one has gone insolvent. Automation is a big investment, but it pays for itself

"There is a similar phenomenon in textiles. Another problem is there are no more entrepreneurs in textiles. Everything is owned by larger companies orchestrated by accountants working from head office. They pass the word down that raw materials can be bought only when an order comes in, making delivery so late it is not worth starting the job

"SA fashion buyers travel the globe looking for world class fashion. We operate within that context but use Third World labour. It is not working

"The first question out in the market place is 'What is it going to cost?' The first question should be 'What will it save?'"

## Wool decline is plain to see

WOOL consumption in SA, related to the apparel industry, has shown a decline during 1986

"The major loss area for wool was in men's suits with significant substitution from pure wool fabrics to blends of wool and polyester, said Alan Pearse, group product manager at the Wool Board

"The womenswear market held up well from local suppliers although imported pure wool merchandise offered showed a downturn"

Projections for winter 1987 are tentative and a lot will depend on the strength and stability of the rand as well as general economic factors, he said

THE volume of clothing being manufactured in SA now is no higher than that manufactured during 1979, with spending on clothing expected to decrease further by 3% during 1986, says Henne van Zyl, director of the National Clothing Federation

Calling for action by the industry itself and government, he said lack of meaningful action and adjustment to change could leave SA with no growth, high unemployment and acute cost escalation

His suggested priorities are:  
□ Management capability should be raised, particularly the need to appreciate the importance of the mar-

## Call for government action

- keting function,
- The cost of raw materials issue should be addressed,
- Reform must be speeded up,
- More than mere lip service must be paid to an industrial strategy;

"Although most of these problems have already been identified in official reports, there is some doubt as to authority's resolve to implement the numerous findings in a bold and forceful manner," said Van Zyl.



# Clothing chain store workers demonstrate over retrenchments

~~184~~ 184 Mercury 6/5/86

## Labour Reporter

EMPLOYEES of Foschini, the national clothing chain group, staged a placard demonstration outside the group's divisional office on the 7th floor in Salisbury House in Durban yesterday, protesting against the retrenchment of 301 workers

Mr Important Mkhize, a spokesman for the Commercial Catering and Allied Workers' Union — an affiliate of the Congress of

South African Trade Unions (Cosatu) — charged that instead of using recognised dispute-resolving machinery such as mediation, arbitration, a conciliation board or industrial court, the company had chosen to retrench workers

'The latest series of demonstrations which are being held country-wide is an indication that workers are determined to intensify their struggle for the reinstatement of the dismissed workers,' he said

About six employees of

the Foschini group in Durban carried placards and protested outside the 7th-floor offices of American Swiss — part of the Foschini group — from 9:30 a.m. until about 1 p.m.

## Dispute

Some of the placards read 'Pages, Foschini, Markhams, American Swiss, we say it is not true that job sharing is unworkable', 'Resolve the dispute before it is too late' and 'Reinstate the 301 retrenched workers'

Mr John Corlett, a spokes-

man for the Foschini group, denied union claims that the company had retrenched workers without following proper procedures

'The final action was taken only after all alternatives had been investigated and after considerable consultation and discussions with the union extending over a period of two years, involving hundreds of man hours

'In taking this action the group conformed with the prescribed procedures as

laid down in the Labour Relations Act and the Industrial Court as well as the recognition agreement,' he said

Mr Corlett said the dispute revolved around the issue of job sharing

'This means that the work is shared by all employees, including permanents who all work shorter hours at reduced wages

'We considered the possibilities very carefully but do not believe that it can be put into practice effectively,' he said



Some of the Foschini group workers in a picket demonstration outside the group's American Swiss divisional office in Salisbury House, Durban, yesterday.

Radiati-



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## Edgars set to enter low end of market

THE Edgars group is not only involving itself in an aggressive sales drive but later this year will be moving into a totally different segment of the clothing market. Chief executive Vic Hammond says the group plans an entrance in September into the bottom-end of the clothing market — ignored since 1984 when it sold off the loss-making Ackermans chain.

The group intends to partly fill the gap in the market which he expects to continue on its negative growth path this year.

Hammond estimates a real decline in clothing sales of about 4% over the last year with manufacturers and retailers cutting their margins to maintain their position in the fiercely competitive climate.

Lower interest rates will, he claims, give the company the leverage to become more aggressive in the market place.

"Since April this year we have begun purchasing and putting our new fixtures on the balance sheet so when interest rates go back to 20% we are not lumbered with these high finance costs. Leasing is tied to prime and we are trying to get that off our back."

The group, which consists of the Edgars, Jet and Sales House chains and had a turnover of R653m in the 1983-84 financial year, also hopes to rectify last year's mistake of an overly-cautious buying policy. Business was lost in the first quarter because inventories were too thin.

"If the market was growing at about 7% to 8%, Edgars was growing at about

LINDA ENSOR

2%" he told *Business Day*. "It was one helluva loss. In the second quarter, we caught up but it was only in the third quarter we made up this deficit by growing at a faster rate than the market."

The group's market share has, he claims, grown 0.2% this year, giving it an estimated 12.9% of the total market.

An aggressive drive to improve assortments, increase advertising expenditure and introduce lower-priced goods resulted in a "zooming" market share in the January to March period, according to Edgars' estimates.

"On the merchandising side we are being more aggressive. Our merchandise budget as opposed to our sales budget is pitched slightly higher so we can buy more than last year. I think we can steal a bit of market share."

About the recently announced R50m convertible debenture issue Hammond says "We don't need the money now but down the road we are also bankers. That's the trouble. We carry a six months to-pay book — worth over R200m."

The decision to enter the lower end of the market conforms with what Hammond sees as a sharp polarisation between the affluent and "desperately poor" segments of the market.

Hammond hopes a proper understand-

ing of the target market, gleaned from the group's "very successful" Zimbabwean operation, will help prevent the mistakes made with the Ackermans chain. "We did not understand that market at the time," he says.

The polarisation in the market is leading to the major chains such as Edgars Sales House, Jet, OK Bazaars and Woolworths moving increasingly into the more stable middle-upper income bracket, Hammond says.

The black middle class is expanding the ranks of this group.

"But who is to cater for the millions and millions of desperately poor people?" asks Hammond. "Half a million new blacks are going to come into the urban area every year — and this figure was calculated before the relaxation in influx control."

Only Pep Stores and Indian traders are catering for this need.

The new chain will provide very basic clothing of acceptable quality on a purely cash basis to those who have little to spend. Depending on the number of sites available, as many as 12 stores may be opened on the Reef this year. Initial investment will be insignificant.

It will contribute minimally to the Edgars balance sheet for the first couple of years but Hammond hopes that "once we are sure of the formula we will be able to expand at a rapid rate."

"It will have nothing to do with the sumptuousness of Edgardale and will be totally separate. It cannot be influenced by the ethos of this place," Hammond says, waving his hand at the imposing group headquarters in Johannesburg.

## Interest clash between textile and garment manufacturers

ANNABELLE GORDON

A MAJOR difficulty in the strange SA market is that garment manufacturers want high fashion short runs at short notice, while the textile manufacturers (like everywhere else) want long notice, long runs. Also, textiles are capital intensive garment making is labour intensive.

"Will the two ever understand one another?" asks Peter Reimuth, fibres division manager at Trevira (the registered trademark of Hoechst's polyester fibre).

"If you have an industry depending on large runs and have to adjust all your machinery for a short run, obviously short runs or short dyes get very expensive. Makeovers are costly and time-consuming," he says.

SA's trading conditions are far from ideal — there is a small domestic market compared to other countries.

"But as we do compare, we have to update machinery to keep abreast and this is now being done with a low-value rand, so the cost is prohibitive. Sometimes the impossible is being expected of local mills," he says.

Many have gone for the export market — some successfully — but they dare not neglect the local market because all spinners and weavers depend on and are geared for the domestic market, he says.

"We run a lean crew, so we did not need to retrench and we have improved volumes over the years — but we won't achieve target this year. SA is a good market for us and we will maintain position and expand after a holding period."

"By the end of last year our total sales volume reached 107% of target even though only 88% of the previous year's performance."

"Local sales achieved 97% in comparison to the previous year, but the export business received a blow, due to overseas markets slackening off in the second half of last year, although Hoechst SA was never more competitive due to the weak rand."

NO SIGNIFICANT improvement in the clothing industry is expected until later this year, says Mike Getz, president of the National Clothing Federation (NCF). "Improved conditions are dependent on the economy as a whole and the confidence factor."

Production volume and the level of employment have both fallen by about 12% in the current year while capacity utilisation is at 83%.

"The industry is having problems producing such orders as have been booked," Getz told *Business Day*. It was also having problems with delivery and fabric quality.

"But we anticipate some relief as a result of government's announcement that the importation of fabrics will be permitted duty-free to alleviate problems of supply domestically."

"Prices obtainable in the market are extremely tight. Lead times are short and service demands high. Reciprocally, our costs remain high and do not yet show signs of falling in line with reduced demand, particularly in the area of inputs and raw materials."

THE clothing industry has welcomed Minister Dawie de Villier's recent announcement on rebate facilities for the importation of fabrics to alleviate serious problems of supply in the local textile industry.

Difficulties, particularly in the area of timely delivery and acceptable quality, have been of a long-standing nature and have — contrary to sound economic principles — even intensified during the current recession, said an industry spokesman.

The industry, said to be the most labour intensive of all SA's manufacturing industries, is heavily dependent on the local textile sector for its

## Duty relief welcomed

materials (fabrics), which receive substantial protection. The weakness of the rand has precluded access by the clothing industry to alternative supplies, making its position extremely difficult, he said.

"Where protection is a feature of an industrial society, as is the situation in SA, those protected have an obligation to supply the market. But these conditions are not met when suppliers cannot fulfil delivery commitments or sustain quality standards."

CA. Times 6/5/64

# Textile import agents doing well

By AUDREY D'ANGELO

IN spite of the weak rand and the import surcharge, clothing manufacturers have been so desperate for reliable supplies of good quality fabric that they have been forced to buy from overseas in recent months.

This, together with rising costs, is reflected in prices of winter clothes on sale in shops now

A leading import agent, Herbert Hirsch, senior partner in Walter Hirsch & Co, said that the new concession announced by the Minister of Trade & Industries, Dawie de Villiers, allowing manufacturers to apply for a rebate of duty on fabrics not obtainable locally, had not yet affected the market

But he said that, after

a thin period last year, import agents had "done quite well in recent months

"We have even been importing fabrics of the type made in this country because manufacturers have simply not been able to get supplies locally.

"This has forced them to import just to keep working"

"But the market is crazy Side by side with this shortage caused by difficulty in obtaining fabric, and the higher prices caused by inflation, we hear of manufacturers having to sell off clothing cheaply in job lots because of cancelled orders"

"But the market does seem to be improving, to judge from the orders we are getting for fabric"





□ MVUBELO

# Union membership is drastically down

LUCY MVUBELO, 66-year-old fighter who has been a unionist for 33 years, sits in an office under a sign that reads "Yes, a brighter tomorrow is coming"

Her home has been petrol-bombed more than once, her despair with her own people is apparent and the picture she paints is one of doom and gloom

"In 1984 the picture was quite bright, clothing was flourishing — there were disquieting signs but we thought that with the industry's usual resilience it would pick up. But it went from bad to worse. In 1984 there was a membership of 20 000 workers. In 1985

## ANNABELLE GORDON

it went down to 18 000. Today it stands at about 12 000," says Mvubelo, who is general secretary of the National Union of Clothing Workers, SA.

"We are going under. The future does not look at all bright. It has been officially made known to us that more factories will close. So many factories have gone — underwear, menswear, ladies fashion... In the Western Cape, 79 factories closed in 1985.

"There were several menswear factories in Johannesburg which exported, now there are only two or three left, and one wonders how stable they are. How many more will go?"

"Another aspect of industry's problems was the concessions given by government to clothing employers, many of whom went to border areas like Ladysmith or to the homelands. There are no unions there yet, but with the formation of the new union in Natal, I am optimistic this will change. Those employers will now have to think twice about wages and training and labour. It is a political issue, these concessions. We are waiting for the politics to recede and those concessions to be withdrawn.

"Unlike Buthelezi and Mangope, some homeland leaders do not want unions. But it will come. Enlightened leaders realise they can only set high standards and improve

standards by giving decent wages and conditions.

"I support the free enterprise system but in black areas it is not working. Black workers do not respect black bosses. It will take another century before we respect each other.

"The Small Business Development Corporation does help with machinery, but not with rent or wages. We believed in training from early on, so let us now seize the opportunity to learn how to run a small business.

"Sadly, we may have to close our training school... what do we need to train for now?"

"There are day to day problems. Our employers have to buy material from overseas and with sanctions and boycotts it will take months to reach us.

"You know, SA goods are very, very good, good enough for export. I never had to wear an imported garment," she gestures to her own clothing.

"I despair of my people when they cut their own throats with consumer boycotts. When I was in East London last week, the town was grey and dull, the locals are going to Umtata and Butterworth to buy what they need. What nonsense. We will kill ourselves with cheap politics.

"Today, in my industry where the majority are women — breadwinners — how are they to manage?"



# SA-US trade deal near

LINDA ENSOR

THE US and SA governments are involved in preliminary negotiations over a bilateral agreement covering trade in clothing and textiles. The negotiations are expected to be finalised next month.

Representatives from the Department of Trade and Industry, as well as advisers from the National Clothing Federation (NCF) recently went to Washington for discussions with members of the US State Department on the issue.

"The discussions took place to define and agree to levels of imports into the US of textiles and apparel," said NCF president Mike Getz, who was a member of the delegation.

"Since discussions were of an exploratory nature, no real decisions were reached. We were most satisfied with the spirit and conduct of these discussions."

Entering into a global arrangement means that the SA clothing industry will have to clarify its export objectives and plans over three to five years.

The quotas restricting the import of certain categories of SA clothing and textiles — introduced in November last year — have reduced SA exports to the US by about 20%, Getz believes.

Jeans and some woollen jackets have been most affected, he says, though this has not been serious.

# Workers set for long strike

By Mike Siluma

A protracted battle seems to be in the offing between Foschini and the Commercial, Catering and Allied Workers' Union (Ccawusa) over the group's decision to retrench between 200 and 300 employees.

Yesterday Mr Kaizer Thibedi of Ccawusa said about 100 workers — on a legal strike for nearly three weeks — had decided to sleep at the group's Isando warehouse. The union would intensify the campaign for the reinstatement of the retrenched workers.

In support, the 650 000-strong Congress of SA Trade Unions had launched a boycott of stores within the Foschini group. Stronger action would be taken if Foschini failed to negotiate the retrenchments with Ccawusa, the Witbank branch of Cosatu warned.

Repeated attempts to reach a Foschini spokesman yesterday proved fruitless.

Mr Thibedi alleged that management had implemented the retrenchments even though the parties had agreed on a pilot short-time scheme during a similar dispute at one of the group's subsidiaries last year.

## AFFECTED STORES

Stores affected by the boycott are Foschini, Pages, Markhams and American Swiss.

● About 85 members of the Food and Canning Workers' Union, who have been on a sit-in strike at Tongaat Milling in Isando since Friday, have been given until today to return to work or be dismissed. The workers are demanding the reinstatement of two colleagues.

● The three-day wage strike by about 3 000 workers at seven Sentrachem subsidiaries in Natal, the Free State and the Transvaal will continue today after talks between management and the South African Chemical Workers' Union broke down yesterday.

The workers are demanding a R250-a-month across-the-board increase. A company spokesman confirmed the strike but declined to discuss the details of the dispute.

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IMPORT DUTIES 16/5/86.

## Textiles' in a spin

Does the clothing industry really need the recently announced full duty rebate on imported fabrics? Some industry sources believe not, claiming that it will delay textile production expansion

The Board of Trade announced last week it would allow the duty-free import of an unspecified quantity of fabric as an emergency move to help clothing manufacturers. This came four to five months after the clothing industry opened talks with textile producers on supply problems experienced late last year

The full benefits for clothing manufacturers will be known only when the list of duty-free fabrics and quantities are announced within the next week or two. But the savings are expected to run to several millions

The textile industry is predictably unimpressed. "Many textile manufacturers already had plans to increase production capacity — a move unprecedented in such depressed times. But these have now been put on the back burner," says one source

The *FM* understands that at least one large listed company has already shelved its plans to increase textile output

Behind the move lies a story of allied industries being pulled in opposite directions. When clothing makers cut back on orders to keep inventories down during a depressed sales period, textile producers were tempted to sell abroad because of the low rand. But when medium-term export contracts had been clinched, they were caught short by an upturn in local demand.

Mike Getz, president of the National Clothing Federation of SA, points out that duty has been suspended only until supply problems are alleviated. "We've had problems, particularly on timely delivery and acceptable quality, for some time. Contrary to sound economic principles, these problems have intensified during the recession," he says

Textile Federation director Stanley Shlagman explains the difficulties faced by his industry, which supplies textiles worth some R2,4 billion a year to the local market.

"Local textile manufacturers normally supply about 80% of SA's needs. However, imports fell because of the low rand and more pressure was placed on local producers. But, for the most part, we still met local needs."

Textile exports increased considerably because of low local demand and the low rand between May and October 1985.

"But although the drop in consumer demand was overestimated, causing some re-adjustment problems, the industry managed to readjust by February-March this year, and we could have returned to normal by June-July."

Getz, however, says quality and delivery from a number of large textile suppliers has been deteriorating for some time. "Exports were increased, with the textile manufacturers secure in the knowledge that clothing producers had no alternative sources because of duties, the 10% import surcharge and a very weak rand

"Additionally, there have been serious contamination problems in cotton yarns

which exacerbated the supply problem through non-delivery and quality rejection."

The clothing industry, experiencing the toughest recession in its history, saw hard-won orders lost through fabric shortages. "Manufacturers," says Getz, "were forced to curtail production and employment. Many enterprises have been endangered and a number of jobs remain at risk"

Getz claims that many orders placed between July and September last year remained unfulfilled in January.

"The federation," he adds, "detailed its problems to its suppliers and customers. The appropriate representative organisations were alerted and briefed formally in February. It was tacitly recognised during discussions that imports were the only means of resolving current and expected problems" ■



# Pages face boycott

By DAN DHLAMINI

FOSCHINI and Pages Stores face nationwide boycotts if they don't start negotiations with the Commercial, Catering and Allied Workers' Union within the

next seven days. This follows a resolution by the Witbank branch of the Congress of SA Trade Unions in solidarity with 301 workers retrenched at these stores.

According to a Cosatu spokesman, Foschini and Pages management "failed to talk to Ccawusa representatives" about the retrenchments.

Foschini spokesman JB Corlett said they reached deadlock with the union after it wanted them to introduce a "job-sharing" strategy.

"But my door is always open," he said.

# Union to fight for retrenched workers.

THE Commercial, Catering and Allied Workers' Union (Ccawusa) is planning national solidarity action at all companies where it is organised to back demands for the reinstatement of retrenched Foschini workers.

Ccawusa national organiser Kayser Thibedi said yesterday options to be discussed with its 52 000 members over the next two weeks included strikes or work stoppages at companies in the retail and hotel industries.

The decision coincides with concern

CLAIRE PICKARD-CAMBRIDGE

expressed last week by retail employers that Ccawusa would embark on a campaign of intensified industrial action to back a variety of demands.

However, sources believe Ccawusa's long-term impact on the retail industry will largely be determined by its ability to sort out internal differences over leadership and policy.

Internal matters were among issues debated at a special Ccawusa conference

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in Port Elizabeth over the weekend. Ccawusa has declined to disclose the outcome, but says Vivian Mtwa of Durban has been appointed acting general secretary of the union. A new executive has not yet been elected.

Several hundred workers at more than 50 Foschini stores have been on strike since April 25 over the retrenchment of 200 to 300 workers in February. Foschini believes Ccawusa's demands for the reinstatement of retrenched workers and a job sharing scheme would be unworkable.

23/5/86

FOSCHINI STRIKE

FIN MAIL

## At the crossroads

The drawn-out dispute between the Commercial, Catering and Allied Workers' Union (Ccawusa) and the Foschini group has been overshadowed by the more spectacular Pick 'n Pay strike. But, as the spectre of a consumer boycott and widespread sympathy action rises, its effects could be far more dramatic.

The legal strike over the retrenchment of 274 workers is now into its fourth week. It follows months of talks in which the union attempted to negotiate a short-time deal in an attempt to avoid lay-offs. But Foschini contends that the nature of group operations makes the scheme impracticable.

According to company spokesman John Corlett, about 250 workers from 46 Foschini, Markhams and Pages stores, and the group's Isando distribution centre, are on strike. The action is centred on the Witwatersrand and the Vaal, with some stores in Natal and the Free State also affected.

Since the beginning of the strike the group has maintained an easygoing attitude, tolerating picketing and sleep-ins. Last week, though, it obtained an interdict to end the sleep-in at Isando which threatened to become unmanageable. Neither side has yet shown any sign of softening its position.

Corlett says that although the strike is an irritant, it actually affects less than 10% of the group's stores.

But there are indications that the strike is coming to a head. Management has previously said it was not planning to dismiss strikers. But this week Corlett told the *FM*. "We are reviewing the situation daily."

And, at a weekend conference, the union decided to intensify a hitherto half-hearted consumer boycott of the group's stores. The major target is likely to be the 133 Pages stores which cater mainly for black trade. Ccawusa says the Congress of SA Trade Unions and the United Democratic Front are both supporting its cause. And the union is also threatening sympathy action at other retailers.

The strike has reached a critical stage. Resolution depends on a compromise settlement. But it has become increasingly difficult for either side to shift positions to initiate further talks. The alternative, though, is a lengthy conflict which will sap both. ■



## Striking workers

### face dismissal

Striking workers at 65 Foschini stores nationwide have been given an ultimatum to return to work by tomorrow or face dismissal.

About 250 members of the Commercial Catering and Allied Workers Union of South Africa (Ccawusa) have been on a legal strike for more than four weeks in protest against the retrenchment of about 270 colleagues.

The union has repeatedly asked for the reinstatement of the retrenched workers. A job-sharing system to ensure some income for workers has been proposed. Foschini believes the system would be impracticable but has expressed willingness to discuss other suggestions from the union.

A statement on Foschini's ultimatum is expected later.

# Foschini threat to strikers

A SHOWDOWN is looming between the Foschini group and about 250 striking workers who have been issued with an ultimatum — to return to work by tomorrow or face dismissal.

The legal strike over the retrenchment of more than 270 fellow workers in February has been running for nearly five weeks.

Foschini's John Corlett said the ultimatum had been delivered at the weekend.

The Commercial, Catering and Allied Workers' Union (Cawusa) has been de-

manding the re-instatement of the retrenched workers and the implementation of a job-sharing scheme.

Corlett said Foschini believed the job-sharing scheme would be untenable, but the firm was still open to "any new and significant" suggestions the union might have to try and resolve the impasse between the parties.

Cawusa warned last week it would be consulting members at other retail companies about widespread sympathy action if Foschini did not accede to its demands.

**Giant food union is to be formed**  
 30/5/80  
 By Mike Siluma

Two years of merger talks will come to fruition this weekend with the formation in Cape Town of a new giant food union

The union, yet to be named, will bring into one body more than 60 000 workers from the Sweet, Food and Allied Workers' Union (SFAWU), the Food and Canning Workers' Union (FCWU) and workers from food factories organised by the General Workers' Union, the South African Allied Workers' Union, the General Workers' Union and the Retail and Allied Workers' Union

All these unions are affiliated to the Congress of SA Trade Unions (Cosatu)

1. Additional allowance  
 Footnotes

AREA A: Port Shepstone, and the Municipal Areas of Empangeni, Mello, Grahamstown, Harrismith, Lichtenburg, Potgietersrus and Richards Bay.

AREA B: George, Highveld Ridge, Oudtshoorn and Wellington, those portions of the Magisterial Districts of Somerset West, Stellenbosch and Strand falling outside the municipal areas of Somerset West, Stellenbosch and Strand, respectively, and the municipal area of Brits, Fochville, Kroonstad, Newcastle and Worcester.

AREA C: Bloemfontein, East London, Klerksdorp, Oendaaistrus, Pietermaritzburg, Virginia and Welkom. Municipal areas of Kimberley, Potchefstroom, Somerset West, Stellenbosch, Strand and Witbank.

AREA D: Kaysna and Mossel Bay (excluding the village area of Herberdsdale), and the Municipal Areas of Bethlehem, Ladysmith, Middelburg (TV1), Nelspruit, Pietersburg, Rustenburg, and Uppington.

AREA E: Alberton, Bellville, Benoni, Boksburg, Brakpan, Durban, Germiston, Goodwood, Inanda, Johannesburg, Kempton Park, Krugersdorp, Kull's River, Nigel, Oberholzer, Paarl, Pinetown, Port Elizabeth, Pretoria, Randburg, Randfontein, Rodepoort, Simon's Town, Springs, The Cape, Uitenhage, Vanderbijlpark, Vereeniging, Westonia, Wonderboom and Wynberg, and the Municipal area of Sasolburg.

438 - UNSKILLED LABOUR, CERTAIN AREAS.  
 Superceding w.d. no's: 328, 330, 336, 338, 340, 378, 379, 380, 381 & 382.



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# Strikers defy management

CLAIRE PICKARD-CAMBRIDGE

**MOST** Foschini workers, who have been on a five-week strike over retrenchments, defied a management ultimatum to return to work yesterday.

Foschini group industrial relations manager John Corlett said 20 of the 250 striking workers signed undertakings indicating they would return to work.

Corlett said Foschini had already dismissed some employees who had returned, but refused to sign the undertaking. He said: "We are dealing with employees on an individual basis."

Corlett said Foschini was unwilling to meet the Commercial, Catering and Allied Workers' Union (Ccawusa) request for a meeting on Monday unless the union had new suggestions or a change in their position by last night.

Ccawusa could not be contacted for comment.

# Foschini S. 114K strikers aim to hold out

By Mike Siluma

About 250 members of the Commercial, Catering and Allied Workers' Union (Cawusa), who yesterday defied a Foschini management ultimatum to return to work, have vowed to continue with strike action until their demands are met.

The workers were given the ultimatum on Wednesday after striking in solidarity with colleagues retrenched by Foschini in February.

They insist that the group did not fully explore all alternatives before laying the workers off and have suggested that a job-sharing scheme be implemented instead. Foschini maintains that the scheme is impracticable.

## MONITORING

"Such retrenchments need to be avoided since they involve workers losing their jobs through no fault of their own," the company said.

A Foschini spokesman said that management was monitoring the situation and a decision would be taken later.

● Agreement has been reached between Cawusa and the management of Allied Publishing after two months of wage talks.

The agreement, under which about 1 200 Transvaal Cawusa members will get a 13 percent rise, will raise the minimum wage at the company to R400.

w/e ARGUS 31/5/86

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 David  
 takes on  
 Goliath

LABOUR  
 AFFAIRS  
 DICK  
 USHER



IT'S a bit like David and Goliath

The tiny Clothing Workers' Union (Clowu) this week made its first step towards challenging the closed shop arrangement in the Cape clothing industry when it had its first discussions with a company management about a recognition agreement.

The union called it a breakthrough in its battle against the entrenched power of the Garment Workers' Union (GWU).

For about two years Clowu has been like a gnat buzzing around the GWU's head, issuing pamphlets attacking the GWU and its officials, organising at factory gates and trying to convince workers it can be a viable replacement for the established union.

Its problems are many. Clowu, a United Democratic Front (UDF) affiliate, had its offices destroyed in last year's fire in Corporation House, several of its leading members have spent periods in detention, its politics and approach to unionism are uninviting to employers with long-established relationships with the GWU and there is the closed shop agreement which requires all workers to join the GWU.

But the union is convinced that the tide of history is with it and that, eventually, it will replace the GWU.

Some observers say that Clowu's fight is vital to the "emergent" union movement in the Cape.

GWU, an affiliate of the Trade Union Council of South Africa (Tucsa), has about 58 000 members and is by far the biggest union in the Western Cape. With significant financial strength and a large office building in Salt River it has powerful resources far exceeding those of Clowu.

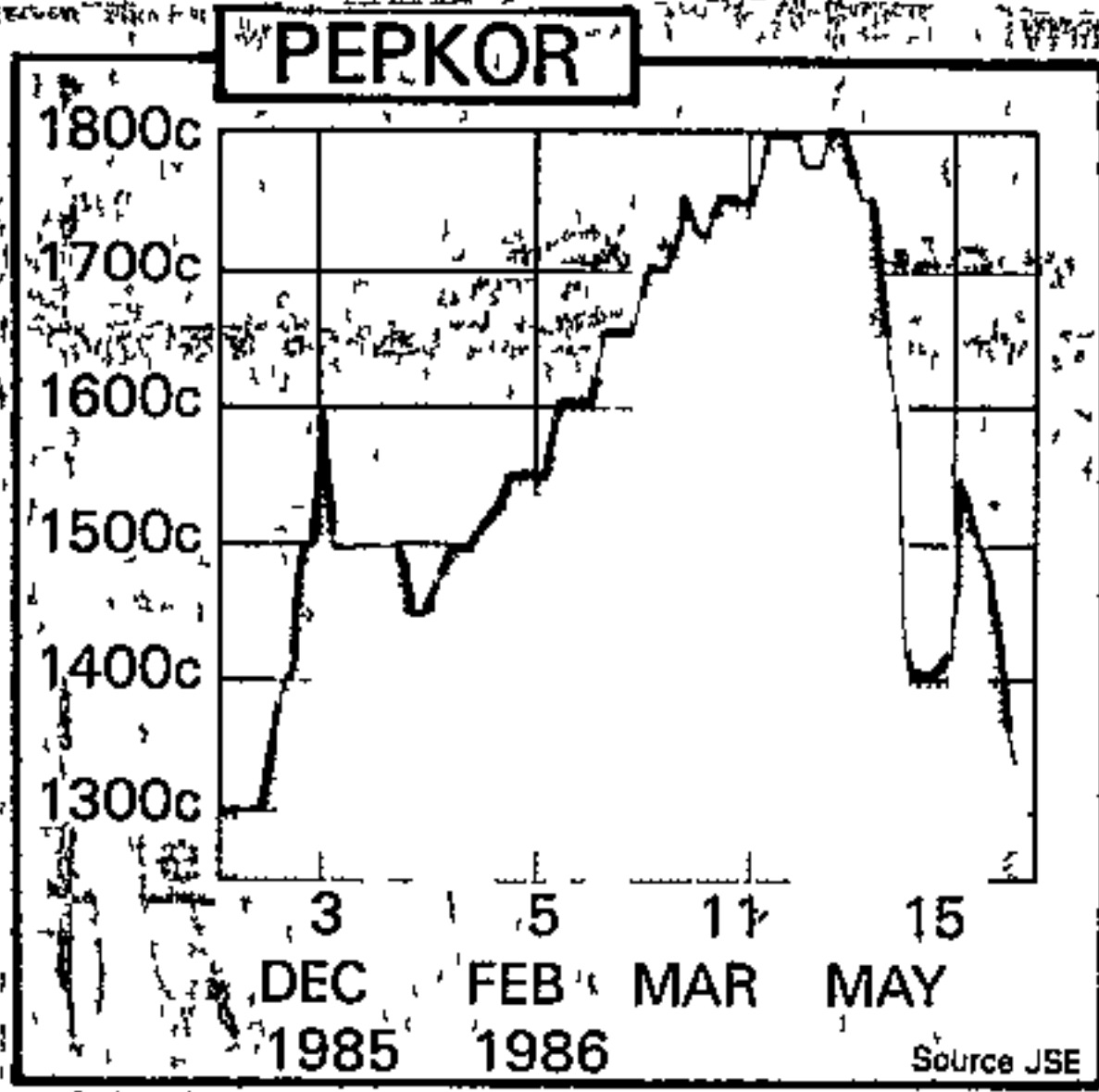
But as a "moderate" union it is also subject to all the currents swirling through trade unionism and politics in South Africa which make life difficult for centrist organisations.

Tucsa, in which the GWU is a powerful force, has faced a slow but steady drain of unions leaving in recent years, mostly from the left, and its image has not been boosted by the recent appointment of Mr Fred Roux as general secretary to fill the gap left when the long-serving Mr Arthur Grobbelaar died about two years ago.

Many were baffled by the choice of a former chief executive of an employer body, the Federated Chamber of Industries, to head a workers' organisation.

The latest union to leave Tucsa was the Textile Workers' Industrial Union, which, announcing its departure, said the council was irrelevant in its members' fight against apartheid.





**Investment Staff**

PEPKOR dived into the red with a loss amounting to R15m or 177,8c a share for the year to February, against a forecast of earnings of 259c a share at the interim stage.

Directors have passed the final dividend to strengthen the company's reserves.

A decision to include foreign exchange losses after taxation of R25,9m above the line did much of the damage. However,

# Pepkor

## R15m in

### the red

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earnings before forex losses would have been 130,2c a share against the previous year's 235,5c

The shortfall in the goal of attaining the interim forecast is mainly attributable to the carrying costs of the associated property companies, say the directors.

In the interim results these carrying costs were capitalised, and forex losses

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# Pepkor dives into the red

*2/6/86* *BUS DAY*

accounted for below the line — unlike year-end results.

Turnover of the clothing retailer and manufacturer rose 19% to R693m (R581,8m) but margins were under pressure and operating profit was up only 6% at R49,8m

Export sales jumped to R8,7m from R1,7m but the cost of increasing market penetration produced a loss of R3m. The board is confident that future export sales will be profitable

Interest paid soared 72% to R39,8m, mainly because loans were brought on-shore and the increase in interest-bearing

ing borrowings from R127m to R187m, after the R74m rights offer proceeds

Directors say that they are examining a restructuring of the group to prepare it for future growth in line with its redefined business focus on retailing and its basic vertical manufacturing units.

An announcement concerning this restructuring — which is being undertaken to increase shareholders' funds and reduce borrowings — will be made in due course

*184* ← ● From Page 1

# Pepkor in red after forex losses of R25-m

By Gareth Costa

Clothing chain Pepkor has slumped R15 million into the red after writing off R25 million of foreign exchange losses after taxation.

Turnover was up by 19 percent at R692 million, but the increase was eroded, and the earnings of 130c before the foreign exchange write-off were short of the forecast 259c mainly due to the carrying costs of the associated property companies, and increased interest payments, which were 72 percent up.

The R15 million translates into a 177c a share loss, and the final dividend has been passed.

Described by the directors as "the toughest year on record", margins were chopped and operating profit was only six percent up at R49,7 million but, "cognisance should be taken also of the

R4,9 million operating profit from associated companies

"Taken together, the operating profit of the group and of these associated companies represent a total increase of 14 percent"

The company's drive into the export market resulted in sales from this source rising from R1,8 million to R8,7 million, but at a cost of R3 million in setting up the market

However, the directors say "we feel confident that we are now positioned to operate our future export sales at profitable levels"

"We are currently examining a restructuring of the group to prepare it for future growth in line with our redefined business focus, the objective of which is to increase shareholders funds and reduced borrowings."

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SMK 2/6/86

# Foschini agrees to refer dispute to mediation

Foschini has agreed to a request from the Commercial Catering and Allied Workers' Union of SA (Ccawusa) to refer a dispute about retrenchments to mediation

Meanwhile, 13 trade union members have been arrested outside Foschini stores in the Transvaal since last week

Mr Kaizer Thbedi of Ccawusa said the workers had been peacefully picketing outside the stores when

SPAL  
police were called in and the workers arrested. He said two people had been detained under section 50 of the Internal Security Act in Carletonville. Police have been unable to confirm the detentions.

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The dispute centres on the company's retrenchment of about 270 workers. Ccawusa has proposed that the retrenched workers be reinstated and a job-sharing system introduced. The company believes the system would be impracticable.



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## Pointer Fashion seeking listing

PRISCILLA WHYTE

POINTER FASHION International, the Cape-based handbag and leather garments manufacturer, has applied for listing on the Development Capital Market on June 25

Of the 8-million no-par-value shares, 1.6-million will be privately placed with associates and employees at an issue price of 23c a share

Pointer is forecasting earnings of 2c a share for the year to June 1986 and a 1c a share dividend for 1987. Turnover is estimated at R5.5m for 1986 (R4.5m) and taxed profit of R157,000 (R118,000). The net asset value is 14c a share.

After the listing, executive chairman Sol Turok will control 40% of the equity, having made available for the issue 20% he previously owned. Joint MDs Julie Stein and Laurence Turok hold 20% each.

The share capital was increased on May 15 when shareholders' loans amounting to R516,000 were capitalised.

The pro forma balance sheet to June 1985 shows a current ratio of over 2:1 and gearing of 45%.

About 80% of Pointer's market is on the Reef and about 25% of turnover is earned by exports.

# 3 clothing union workers suspended

Labour Reporter

THREE members of the Clothing Workers' Union (Clowu) have been put on paid suspension from Cape Underwear Manufacturers Ltd after addressing employees during a tea break yesterday morning.

According to management's legal adviser, Mr Johan Baard, the three were refused permission to address the workers,

but ignored management's orders and were suspended.

The workers, Ms Gawa Hartley, Ms Mariam Smith and Ms Desiree Balie, will face a disciplinary hearing this morning and will remain under suspension until tomorrow when management is expected to reach a decision on their future.

Clowu, which claims majority membership at Cape Under-

wear, is currently engaged in recognition talks with management.

Yesterday's prohibited tea-time meeting was a report-back on last week's negotiations between Clowu representatives and management, the union said.

Clowu yesterday called the suspension of their members

"a cowardly attempt to divert attention from the recognition discussions" and demanded their "immediate reinstatement".

All wage earners at the factory are currently represented by the Garment Workers' Union of the Western Province (GWUWP), which has a closed-shop agreement with the company.

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# Factory to appoint mediator

Labour Reporter

THE Clothing Workers' Union (Clowu) and Cape Underwear Manufacturers Ltd are to appoint an independent intermediary in an attempt to resolve the deadlock which has halted discussions about the firm's recognition of the union.

Talks reached a standstill this week when management suspended three Clowu members who addressed staff during a tea-break after being refused permission to do so.

The three, who are on paid suspension, were due to appear before a disciplinary committee yesterday, but refused to attend the hearing.

A meeting scheduled for yesterday afternoon to discuss the union's status at the factory was also cancelled.

The employers' legal adviser, Mr Johan Beard, said management suggested that the two sides appoint "a mediator/referee acceptable to both parties".

The suspended workers would remain on paid suspension until talks had been resumed and a decision on their future had been reached. This could take up to two weeks.

The Clowu general secretary, Ms Elizabeth Erasmus, yesterday confirmed that the union, which claims majority membership at the factory, had agreed to management's proposal.



M645 6/6/84 (184)

## Talks stalled after undies factory row

**Labour Reporter**

RECOGNITION discussions between the Clothing Workers' Union (Clowu) and Cape Underwear have stalled after a series of disputes.

Three workers have been suspended on full pay for addressing staff at tea in the canteen after they had been refused permission. Two of them also left their work stations.

A disciplinary hearing scheduled for Wednesday was called off when the workers refused to attend.

The management proposed the appointment of an outside mediator acceptable to both sides. Clowu has accepted this.

The three suspended workers, Mrs Gawa Hartley, Mrs Mariam Smith and Miss Desirée Balie, said they did not feel the management had the right to stop them talking to workers. Miss Balie is on the union's executive committee and Mrs Hartley and Mrs Smith are former executive members.

They had not attended the disciplinary hearing because the management was "sidetracking from the main issue of recognition".

They said the management thought it was a favour to have a disciplinary hearing about their jobs but the workers thought attending it would weaken them at the negotiations.

The issue of the suspensions has been frozen pending the appointment of a mediator.

## COMPANIES

STEPHEN ROGERS

AFTER recovering strongly in the second-half of last year, Edgars should continue with that improve-

ment this year, chairman Meyer Kahn says in the 1986 annual report.

The group has been able to increase its market share by adapting its merchandise and marketing strategies to meet consumer demands.

The Edgars chain was once again the mainstay of the group with its contribution to total sales increasing marginally to 65% (64%). After a net

## Edgars looks set for a stronger year

increase in trading space of 19 600m<sup>2</sup> last year expansion will slow down this year with only 1 600m<sup>2</sup> of additional space being created. With trading densities expected to increase, profitability is likely to improve.

Cash chain Jet Stores focused its promotions on the repeat of the best-selling lines and on closer communication with the customer. This, to-

gether with a merchandise range that covered a gap in the chain's market, resulted in an operating profit of R800 000 in the second-half.

Although Jet's sales increased by 7% to R140m, its contribution to the group remained static at 19% of total sales.

The Sales House chain was adversely affected by consumer boycotts and higher unemployment in

the black sector, and with sales almost static at R116m its group contribution declined marginally to 16% (17%).

The consolidation of the market towards the affluent urban black consumer accentuated the shrinkage in client base to 448 000 from 520 000 but, conversely, helped to reduce bad debts by 13% and raise the level of collections.

Previous reports suggest that the Edgars Group is suffering from excessive over-capacity and it has been estimated that group sales could rise by almost 50% on the existing floor space. With overheads already covered at the present level of turnover any improvement should enhance profitability.

Furthermore, the current R50m rights offer should dent the group's borrowings of R77m, decrease the heavy interest bill and hopefully be reflected in an even better bottom line.

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# Management, (184) Clowu agreement (181) (189)

Labour Reporter

THE Clothing Workers' Union (Clowu) scored a significant breakthrough in its quest for recognition at Cape Underwear Manufacturers Ltd yesterday with the signing by management of an interim agreement giving the union "reasonable access" to workers and the right to collect subscriptions from members at the factory.

The agreement effectively breaks the closed-shop arrangement which the rival Garment Workers' Union currently enjoys at the factory, according to Clowu's general secretary, Ms Elizabeth Erasmus.

Clowu will conduct a ballot tomorrow to establish whether it enjoys majority support among Cape Underwear workers

If Clowu can prove its support, it will begin negotiating a final recognition agreement with management early next week.

Ms Erasmus yesterday congratulated management "for recognizing the rights of workers to freedom of association".

"Our union believes this can only be in the interests of sound labour relations," she said

The agreement was reached after three days of talks, during which Mr Helton Cheadle, of the Centre of Applied Legal Studies at the University of the Witwatersrand, was flown to Cape Town to act as mediator between the two parties

Mr Cheadle was appointed after discussions between management and the union broke down following the suspension last week of three union members who addressed workers without management permission.

The three workers will remain suspended without pay for three months, but will lose none of their accumulated benefits, according to the agreement between management and Clowu.



SOWETO  
24/6/86  
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# Cosatu union in ballot win

**THE National Union of Textile Workers has won a recognition ballot at an Atlantis textile company.**

The ballot at Rotex gave NUTW, an affiliate of the Congress of South African Trade Unions, an 86 percent majority over the Garment Workers' Union (GWU), a Trade Union Council of South Africa affiliate.

NUTW said it was the first time in recent years a ballot had been won against GWU.

The results meant Rotex recognised NUTW as the only representative union at the factory.

"Our union began organising at Rotex in April this year. In May, after having signed up

74 percent of the workforce, we approached management for recognition

"We were told that the GWU also had a presence and, in management's opinion, representatives had to be tested by secret ballot."

## Monitor

"This was held on June 11 with representatives from both unions present to monitor the voting

"We see the results as a victory for union organisation in a remote area such as Atlantis where low wages and bad working conditions are common," said a NUTW spokesman. — Sapa

# Telling the tale

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27/6/86

To check the economy's health, some say, you need only take Edgars' temperature. With its countrywide presence and wide base of black and white customers, the clothing giant is a good indicator of consumer confidence. When that confidence crashed after 1982, so did Edgars' profits. With the deepening recession, Edgars has had to run faster to prevent an even steeper slide.

The recession revealed the group's strengths and weaknesses alike. With the benefit of hindsight, some may question former MD Adrian Bellamy's ambitious expansion plans. And then there was his heavy commitment to black consumer markets. Midway through 1983 Bellamy resigned, and Vic Hammond, who had been with Edgars for some 25 years, took over.

Hammond had his work cut out. In a falling market, he was contractually committed to Bellamy's five-year expansion plan. By 1986, the Edgars chain had added some 54 000 m<sup>2</sup> to its floor space, lifting its total area to 286 000 m<sup>2</sup>.

It was not in the upmarket Edgars chain, however, but in Jet and Sales House, that the real problems lay. In the good years, Jet and Sales House were money-spinners for Edgars. But both proved vulnerable to recession. Sales House, because it relies almost entirely on black trade, and Jet, because against tough competition it has lost some of its fashion edge, moreover it has over-expanded.

**Edgars is considered a key barometer of the state of our economy. While its long-term fortunes will essentially be determined by politics, analysts think it's looking good right now.**

Where Sales House and Edgars trade mainly on credit, Jet is largely a cash store. While its performance has been poor, the credit component of group sales has grown, and with it, group debt and finance costs. However, concerted efforts have been made to help Jet reclaim its fashion image, says Hammond, and already there are clear signs that they are succeeding.

In 1983, Edgars was also having difficulty digesting the Ackermans chain, which it had acquired for R30m some years previously. Ackermans aimed at the bottom end of the market; an area of trade, Hammond admits, "we never really understood." In 1984, Edgars sold Ackermans to Pep Stores at a small loss, and the Cape-based chain is believed to have made a go of it.

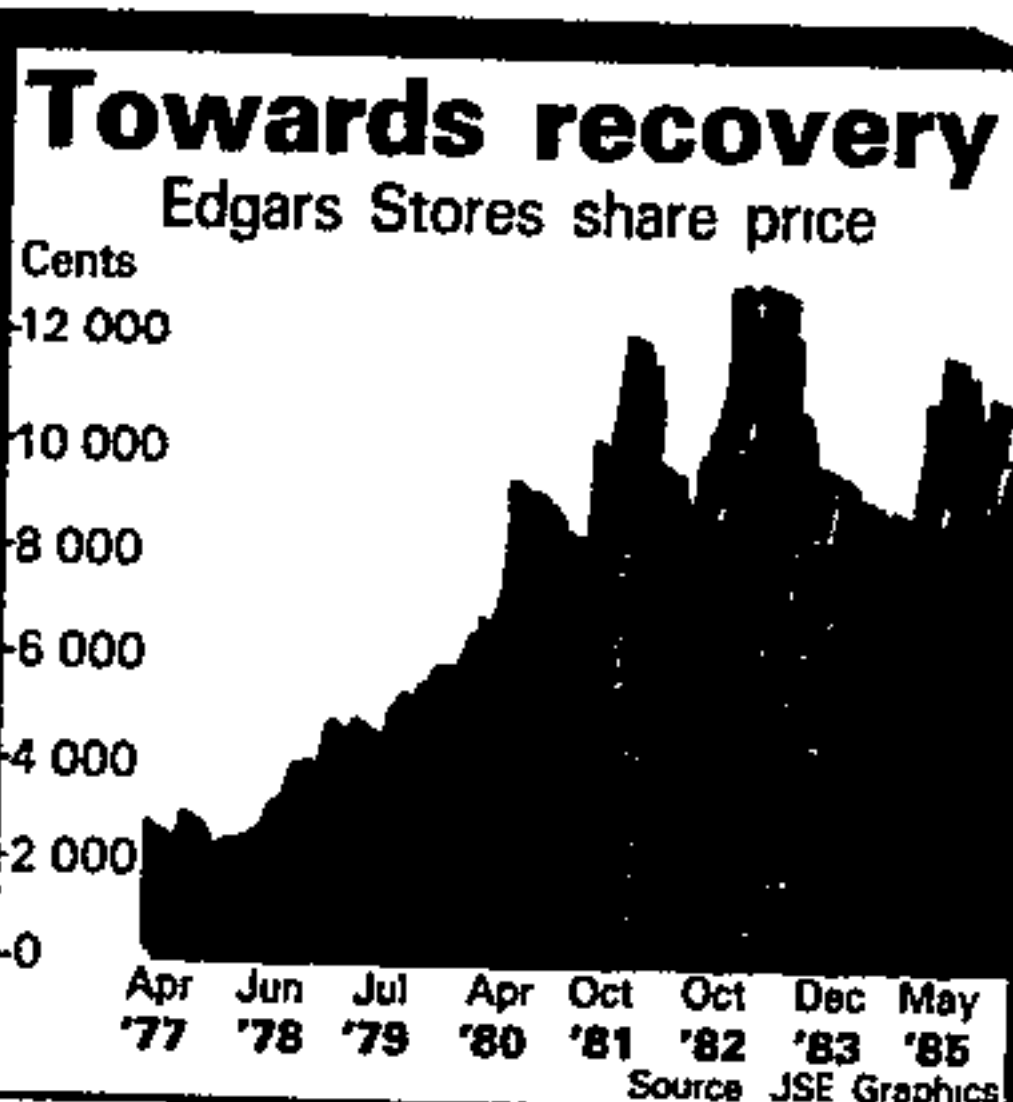
Problems notwithstanding, Hammond

turned his attention to cost and asset management, and generally to improving productivity. To his credit, Edgars' profits have remained stable since 1984, although the recession got a lot worse.

One of Edgars' strengths, in my opinion, is its superb marketing, the group employs a hard-sell approach targeted at selected segments of the market. While many competitors were cutting their advertising budgets, Hammond says, Edgars increased its ad-spend. For part of last year, he says, "we made the mistake of understocking our stores, and lost market share because of it."

The strategy now, he observes, is to stock up, and advertise aggressively. "It is working, and we are gaining market share." And with signs of a fledgling consumer recovery, he adds, Edgars should see a "significant" increase in earnings and dividends this year.

But the dizzy growth achieved throughout the Seventies, when earnings advanced at a compounded 23% a year, will not easily return. By the nature of its business, Edgars is particularly vulnerable to three damaging variables: high interest rates, high inflation rates, and poor black consumer spending. All these factors are present,





with none showing any inclination to go away. But Edgars has proved flexible in the past. It changed both its culture and direction when it needed to, and this adaptability has been its great strength. To understand the group, though, one needs to dig down into its roots.

Founder and first chairman Sydney Press began working for Edgars in 1935, eventually taking over the company. Hammond describes Press as a "firebrand entrepreneur," and brilliant trader. He adds "His brother Hubert was a good administrator, and between them they made a balanced team."

Edgars pioneered term sales, and when Hammond joined its credit division some 25 years ago, "it became obvious to me that the company did not sell merchandise but credit." The firm was then broadly aimed at a family market, but showed little respect for marketing principles. It became obvious, says Hammond, that Edgars "had to shed its protective credit umbrella, and start merchandising."

Once Hammond identified this imminent shift in focus, he asked to transfer to the operations division. The group went through a rough patch, but with the focus now on merchandising, management made a watershed decision in the early Seventies to bring in American consultants. "Among others, we brought in Herb Segal, ex-president of Macy's, and Larry Lachman, ex-president of Bloomingdale's, both of whom still consult for us," Hammond recalls. "They opened a new world to us."

The consultants taught Edgars about product assortment and market segmentation, about advertising focused at each individual family member, rather than at the whole family, and about display and lighting techniques aimed at promoting a "theatrical" environment.

By the early Seventies, then, Edgars was ready for a major change of direction. Where its stores had been small, downmarket establishments located mainly in rural areas, it soon moved upmarket and into the heart of city trading. When the first "superstore" was opened in Market Street, Johannesburg, its trading volume was so significant that Edgars had to begin looking at computer systems. Press may have realised instinctive-

ly that in this new climate of high-tech management, a change was needed. In 1977 he handed the operating reins over to Bellamy—a man perfect for the time, Hammond believes.

"He was a wonderful administrator, and the right man to pull together a group that had become far too loosely managed," Bellamy ruled with a firm hand, though, and Edgars



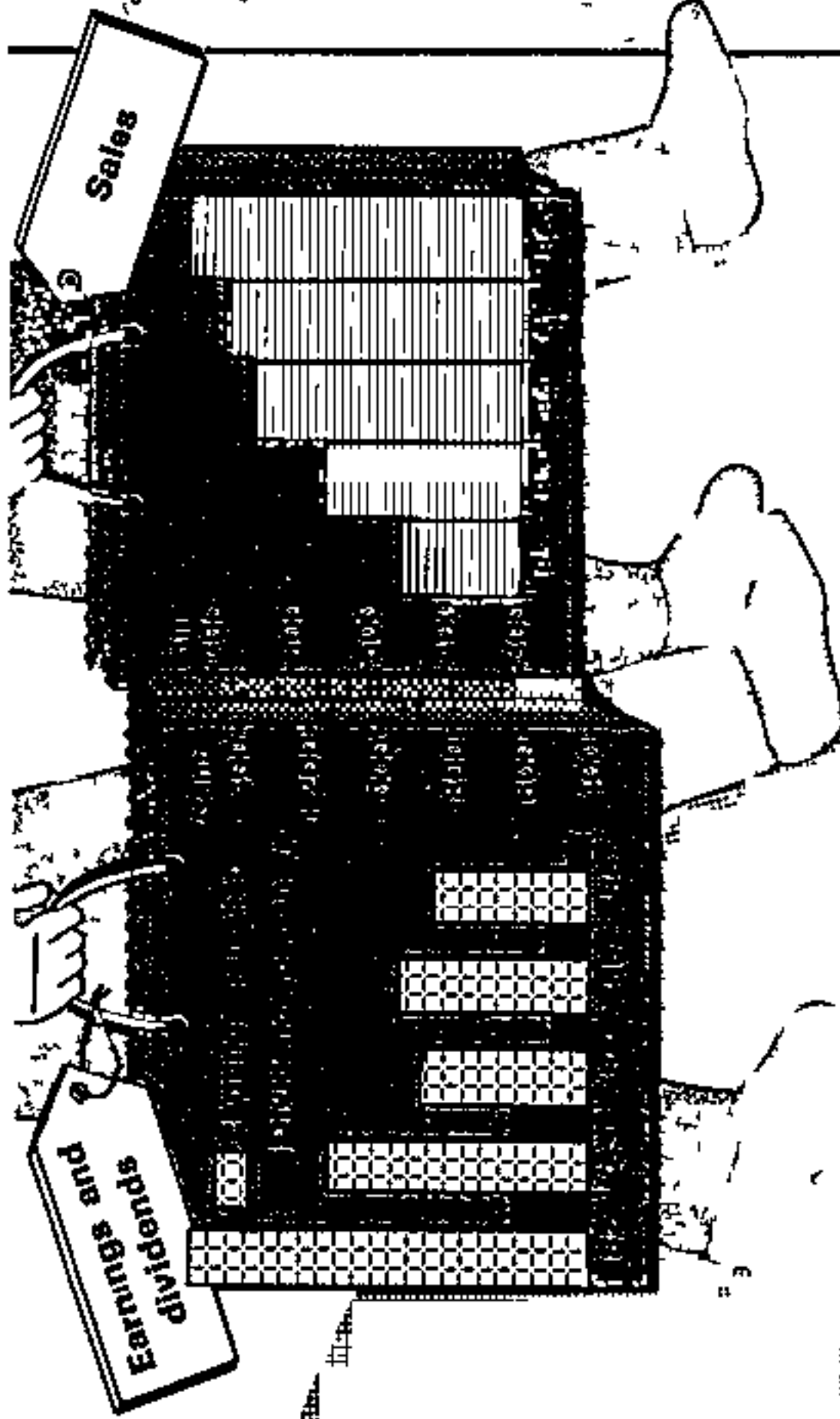
Edgars' Hammond

quickly slipped into an autocratic style of management. Throughout the late Seventies, the firm's growth rate was phenomenal and its image in the cities improved considerably.

In early 1982 SA Breweries raided for control. Press was having heart surgery in the US, and it was left to Liberty Life, also a major shareholder, to fight off SAB. Eventually, Liberty's Donald Gordon convinced Press to let go his stake for R52m—an attractive premium over market price—and control was relinquished to Breweries.

Edgars' corporate planning director Fred Haupt believes Bellamy may have felt uneasy about the change of control. "Suddenly, he found he had to answer to another board, and it was something of a culture shock," he recalls. In 1983, just when Edgars' profits began to fall, Bellamy resigned to take up a position overseas.

Hammond took over, and once again Edgars' culture began to change. Bellamy had spoken about decentralised management, but in the end, says Hammond, "he simply couldn't hand over the keys." Instead, notes Haupt, Bellamy operated through a cumber-



## Edgars: Marking time

some management board, which had 14 members and met every week.

In the fashion world, says Haupt, "decisions have to be made quickly, and you just can't achieve that operating through a central board." Haupt believes that Hammond has achieved effective decentralisation, while retaining his essential control over key aspects of business. As Hammond himself puts it "I have handed over the keys, but still hold the master key."

What about the future? Investors, certainly, are taking a bullish view of Edgars, a fact mirrored in the recent sharp rise in its share price (see graph). On the operating level, says Hammond, group sales are sharply on the increase, though off a fairly low base. Hammond tells me that Edgars will launch a new chain this year, aimed at the very bottom of the retailing market. "It will be called Express, it will carry a limited assortment, and will operate in high-traffic areas," he says. "It is a concept already working well for us in Zimbabwe."

It would seem that, since the Ackermans debacle, Edgars has gained experience and confidence in this sector of the market.

An impending rights issue to raise R50,4m will help the group bring its leased assets onto its balance sheet, so shielding the group from the vagaries of changing lease costs.

Ultimately, though, the group's short-term recovery and long-term growth will largely be determined by political factors. In the meantime, analysts will continue to view Edgars as a barometer of our economic health.

Neville Glaser



27/6/85

STAR

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By Mike Siluma

The Foschini group is the latest in a string of employers to demand that detained trade union leaders be charged or released.

In a telex sent the Minister of Law and Order, Mr Louis le Grange, yesterday Foschini's chief executive Mr H A L Mathew said the detention of leaders and officials of the Commercial, Catering and Allied Workers' Union, (Cawusa) was "disruptive of the orderly process of in-

# Charge or release — Foschini endorses call

teraction between labour and management in the ordinary course of business".

He said his group associated itself with the telex to Mr le Grange by the Association of Employers (Assemp) on June 13 expressing concern about the

detention of union leaders

"We therefore repeat the request contained in the said telex and urge you either to bring to trial or to release the said leaders and officials of Cawusa as soon as possible," he said.

The retail industry, where

Cawusa is active, has been hardest-hit by spontaneous strike action of union members demanding the release of colleagues.

Business leaders, mainly from this sector, have been critical of the detentions and are holding talks with the Government to try to return the labour situation to normal.

At least 170 trade unionists are believed to have been detained since the emergency was declared.

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## Ballot to challenge closed shop

By DICK USHER  
Labour Reporter

A BALLOT at Cape Underwear will today decide whether workers there will be represented by the Clothing Workers' Union (Clowu) or the Garment Workers' Union (GWU).

The ballot is the first challenge in many years to the closed-shop agreement in the garment industry by which all workers become GWU members

Clowu, which has been in existence about two years, claims majority membership at the factory

The ballot has been delayed several weeks because of disputes

Clowu officials have said they will be available to scrutinise the ballot, but the GWU has said it will not take part. The management has invited GWU shop stewards to act as scrutineers

Two members of an international firm of auditors will supervise the ballot

Cape Times

11/7/86

~~12~~ ~~13~~  
Little <sup>(84)</sup>  
support  
for  
unions

Labour Reporter

THE Clothing Workers' Union (Clowu) has failed in its bid for official recognition at Cape Underwear Manufacturers Ltd, despite scoring the majority of votes in last week's union ballot.

Only 13,7 percent of the 558 workers at the factory cast votes in the ballot which was held to establish whether Clowu had enough support to threaten the closed shop agreement which its rival, the Garment Workers' Union of the Western Province (GWUWP), enjoys.

Clowu gained 44 votes in the ballot compared with 33 for GWUWP.

The industrial relations executive for Cape Underwear, Mr Johan Baard, said both unions had obviously misread the situation at the factory.

Despite high-profile campaigning by both Clowu and GWUWP, neither had succeeded in demonstrating any significant support among the workers

GWUWP would, however, retain its position as the officially recognized union because, due to the closed-shop agreement, it had 100 percent membership at the factory.

● Most of Clowu's full-time office staff disappeared from their Woodstock office last week. The Seardel Group, owners of Cape Underwear, has tried to establish their whereabouts.



BUDA  
Crisis in  
rag trade

GERALD REILLY

THE crisis in the clothing industry was worsening, National Union of Garment Workers general secretary Lucy Mvubela said in Pretoria yesterday.

Three years ago union membership was about 24 000. Factory closures and lay-offs had slashed this to 12 500.

Shops were stacked with goods, disposable incomes had shrunk drastically because of inflation, nobody was buying and factory orders were drying up.

"Our membership is dwindling alarmingly and our ability to assist unemployed members is limited. The position is quite frightening."

The vast majority of those laid off had been unable to find work.

"We have a welfare fund which is draining away because of a growing demand for aid and shrinking subscriptions from the smaller workforce."

It was only in the most dire circumstances that aid was granted, she said.

David Levy, general secretary of the industrial council for the clothing industry, said between January last year and May this year the number employed in the industry had dropped from 17 800 to 14 000.

FIN MAIL 4/7/80.  
DECENTRALISATION

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## Wages bait

Private companies which decide to decentralise often do so because the package offered is irresistible. That the hidden costs of the exercise falls on the taxpayer is not their fault. Two Durban-based Indian clothing companies and a number of their subsidiaries are breaking new ground by establishing manufacturing operations in Botshabelo in the Free State — and the drawcard appears to be low wages.

One is Lockhat Bros, whose owner, Cassim Paruk, bought the business back from provisional liquidation two months ago after a successful offer of compromise to creditors.

Although Lockhat's initial collapse had more to do with bank debt than any difficulties associated with trading from a nucleus of factories at Mobeni, Paruk says he is keen to start afresh in the Free State.

He says his factory, making a full range of clothing and employing around 300 people, should be operational by September. Botshabelo, an industrial township being developed on SA Development Trust land, is 60 km from Bloemfontein and close to the large labour pool in Bophuthatswana. About 40 manufacturing concerns have already been established there.

Relocation at one of the industrial development points (IDPs) nearer Durban, such as Isithebe or Ezakheni, would probably have been more logical for Lockhat. However, Paruk says Botshabelo was chosen because it "offered the best level of incentives, was closer to our major markets and was well served by road, rail and air transport networks."

This is confirmed by industrial consultant Schalk Coetzee, of Alkhan Industrial Consultants. Using a computer model, he says information concerning all 65 IDPs was fed in and a comparative analysis showed that Botshabelo would serve his client's interests best. "The decision was not taken on the incentive package alone," he stresses, "it was based on a whole host of variables."

Jacob Paruk, whose Pam's Clothing is opening factories for two new subsidiaries at Botshabelo later this month, says his motivation was similar to Lockhat's.

"Besides," he adds, "the most important input in clothing manufacture is labour. Wages in Durban are around R70 a week, while those in Botshabelo are in the vicinity of R30 a week. Admittedly, the labour is not as good, but we hope to address that through training."

Together the two companies represent a new investment in Botshabelo of around R5m and will create employment opportunities for some 1 200 people. ■

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STEPHEN ROGERS

AT a time when many companies are gearing up export production, to take advantage of the weak rand, Delswa chairman Sam Jaff says it is impractical for the clothing manufacturer to expand into export markets.

In the annual report he says an expansion into export markets requires timeous deliveries and short lead times in the domestic market.

However, the SA clothing market is characterised by very long lead times and deliveries which, in many cases, are not fulfilled within the agreed contract period.

This inadequate delivery performance has reduced Delswa's manufacturing efficiency and precludes any attempt at entering the export market.

Furthermore, the resistance to "Made in SA" labels is a deterrent.

Even though Delswa is limited to the local market, its second-half results are impressive in an industry that last year retrenched 6 000 workers.

After falling 40% at the interim stage, earnings recovered strongly in the second half to record a 50% increase for the year as a whole to 113,7c. The total dividend for the year rose to 50c from 37,5c.

MD Stephen Jaff attributes the better second half to the factory base

# Delswa steers clear of the export market

performing more efficiently through operating on full capacity. Business conditions were also better than anticipated.

However, the group is coming off a low base and despite the 50% increase last year, earnings a share are still 59% lower than their five-year high of 278,9c in 1983.

Sam Jaff says that the results, taking into account the present inflation rate, do not yield a reasonable asset return and he believes that the consumer boycotts will affect sales in the current year.

Also price increases on certain raw materials are expected to be in the region of 20%-30% which will put pressure on margins.

The balance sheet remains strong with gearing at 50% (48%).

At 465c the share yields a high 24% on historic earnings and 11% on dividend and seems to be a good buy for investors seeking high dividend returns.

However, the share is tightly held and seldom traded (only 700 000 shares in issue).



AR 6ms 14/7/80

## Union challenges validity of ballot

By DICK USHER, Labour Reporter

THE recognition issue at Cape Underwear between two rival unions refuses to lie down and die.

The Clothing Workers' Union (Clowu) claimed it had majority membership and should be recognised as the bargaining unit instead of the Garment Workers' Union (GWU).

To decide the issue a ballot was held on June 27 in which 77 workers out of a workforce of 558 voted — 44 for Clowu and 33 for the GWU.

Clowu has written to the management claiming irregularities in the ballot, challenging its validity and demanding a fresh vote.

The GWU has a closed-shop agreement challenged by Clowu.

# Level of production up in SA clothing industry

**BLOEMFONTEIN** —The production level of the clothing industry in South Africa was now at the same level as in 1977 after a drop of 45 per cent in the past four years, the chairman of the South African Wool Board, Mr Pieter van Rooyen, said in his report to the 57th annual congress of the National Wool Growers' Association of South Africa here yesterday.

An improvement in the domestic demand for textile goods, in all probability, would only start to be realised later in the 1986/87 season, to the extent that the economic measures taken had had the opportunity to have a positive influence on economic growth.

Meanwhile, a sharp drop in domestic wool consumption was expected as a result of the steep rise in wool prices, because of the weak rand and domestic

economy, said Mr Van Rooyen.

Whatever else might happen in the 1986/87 season, it was clear that the high net foreign exchange income — that wool exports earned for South Africa — should not be under-estimated in these difficult times. Mr Van Rooyen said he hoped this would be appreciated in government circles and would be given thorough consideration when decisions were made about export promotion benefits to the wool industry.

Mr Van Rooyen ascribed the 5,6 per cent decrease in sheared wool production in the 1985/86 marketing season to the extended drought since 1980. In the past five seasons merino sheep had dropped by 22 per cent to about 16 million.

The national grazing strategy would also lead to a drop in the number of sheep.

The high prices obtained in the past five years for mohair had led to an increase in mohair production at the expense of wool. The considerable increase in sheep and fat lamb prices since 1983/84 had led to cross-breeding between wool and meat-sheep, while a large number of merino and other wool sheep breeds had been slaughtered.

Mr Van Rooyen said the challenge to all in the wool industry was to maintain the highest possible measure of cost efficiency.

Despite the problems, including the exposure in regard to foreign loans, the wool industry had much for which to be thankful. There had been no problems in disposing of the product, while wool prices had increased over the past four years by more than 80 per cent. The industry still benefited from the long-term weakened state of the rand — Sapa

DD 24/7/86 (184)

Higher wool price could lead to less demand

# Clothing in the doldrums

PRODUCTION in the clothing industry is now at the same level as in 1977, as a result of a 45% output decline in the past four years.

That was revealed in Bloemfontein yesterday by Wool Board chairman Pieter van Rooyen in his report to the 57th annual congress of the National Wool Growers' Association.

Improved domestic demand for textile goods would probably begin to be realised only later in the 1986/87 season.

Meanwhile, a sharp drop in domestic wool consumption was expected as a result of the steep rise in wool prices.

Whatever else might happen in the 1986/87 season, it was clear that the high net foreign-exchange income which wool exports earned for SA should not be

underestimated.

Van Rooyen said he hoped this would be appreciated in government circles and would be given consideration when decisions were made about export-promotion benefits to the wool industry.

He ascribed the 5,6% decrease in sheared-wool production in 1985/86 to the extended drought which had so depleted grazing in the most important sheep-farming areas that wool-sheep numbers had dropped drastically.

Merino sheep had dropped by 22% to about 16-million in the past five seasons.

The high prices obtained in the past five years for mohair had led to an increase in mohair production at the expense of wool. The considerable increase in sheep and fat-lamb prices since

1983/84 had led to cross-breeding between wool- and meat-sheep, while a large number of merino and other wool-sheep breeds had been slaughtered.

Van Rooyen said the challenge in the wool industry was to maintain the highest possible measure of cost efficiency.

However, the industry had much to be thankful for. There had been no problems in disposing of the product, while wool prices had increased by more than 80% over the past four years. And the industry still benefited from the weak state of the rand.

"The wool farmers of the country have always been known for attacking and solving their problems. I am full of confidence this approach still applies and, therefore, I am confident for the future," he added. — Sapa.

24/7/86 Sapa  
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25/7/86  
CLOTHING INDUSTRY FIN MAIL

## A stitch in time

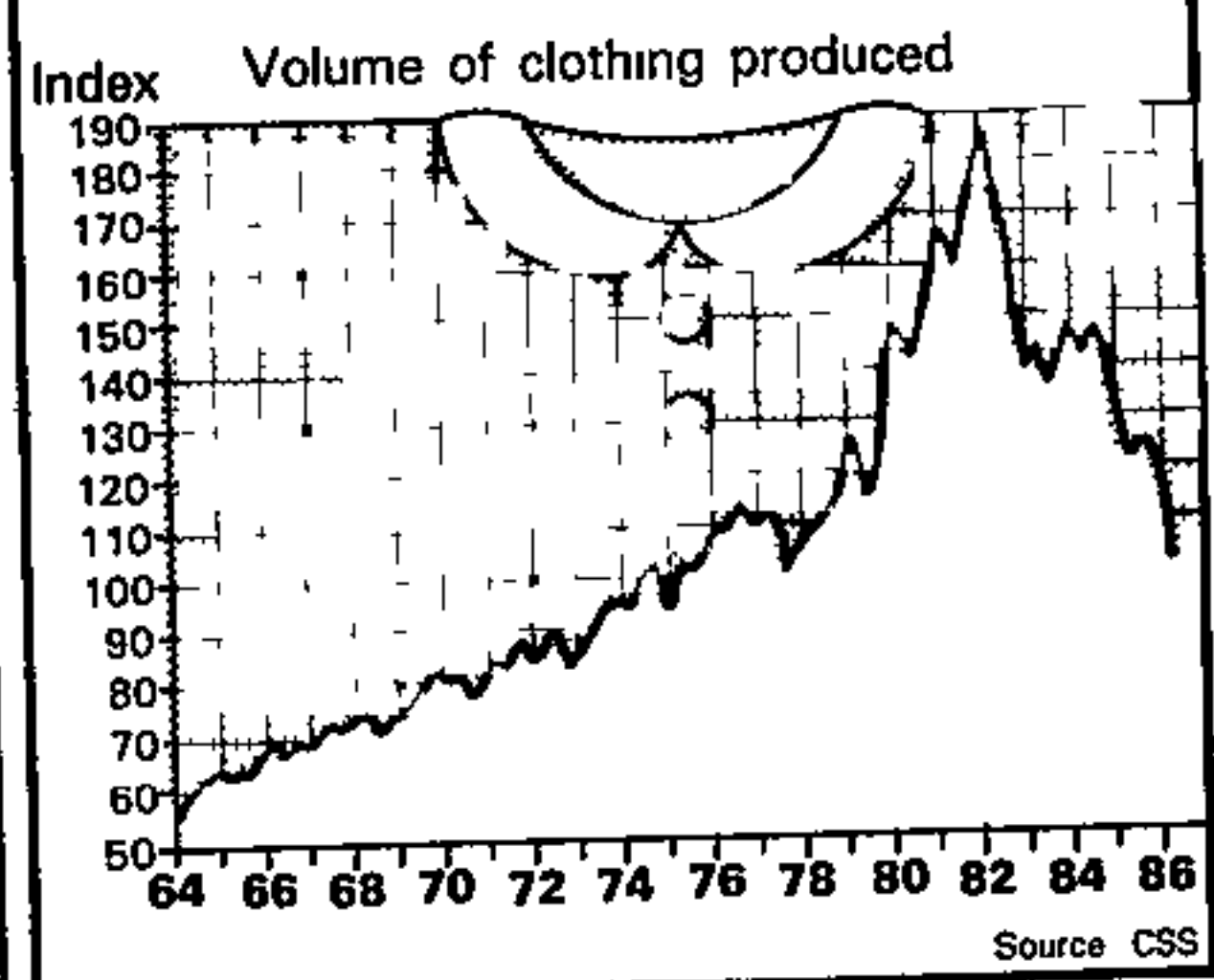
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Is there room for hope? The clothing industry, suffering its worst recession in history, has been set back to 1977 production levels. According to industry figures, output has shrunk by 45% over the past four years. And inflation-adjusted sales figures show no increase in turnover over the past year, reports the National Clothing Federation of SA (NCF). NCF figures show 1985 industry sales turnover at R1,8 billion — roughly the same as 1984 year-end figures.

According to a Stellenbosch University Bureau of Economic Research (BER) survey, only 14% of clothing manufacturers surveyed in May this year were working at full capacity, compared with 28% in February 1986. "But conditions could improve towards the end of the year if the economy picks up, perhaps egged on by reduced GST or lower interest rates," says NCF director Henne van Zyl.

Adds Seardel executive director Mike Getz "Because retailers have sold their winter stock and generally seen good profitability, they expect a better coming season, provided the flow of raw materials is forthcoming."

## In tatters



The BER study found that of 70 clothing manufacturers surveyed at the end of May this year, 36% were experiencing serious shortages of raw materials. The low exchange rate of the rand has had a dual effect on the shortage. While the low rand and the depressed state of the industry prompted many manufacturers to export, the weak rand precluded them from importing essential raw materials.

While 1984 export earnings amounted to R72m, the clothing industry pushed this up to R104m in 1985. But the trend has now been reversed. "In January and February this year exports totalled R10,6m, while in 1985 the industry exported clothing valued at R17m," according to Van Zyl.

Meanwhile, last year's depressed conditions forced some manufacturers into liquidation. Transvaal's Jays ladies clothing manufacturer, for one, has ceased trading.

Employment statistics also tell their story

of the depressed clothing industry. NCF figures show that from 1982 until May 1986 industry employment in the western Cape plunged 22%, from 63 000 to 49 000; in Natal by 23% from 48 000 to 37 000; and in the Transvaal by a much larger 42% — from 24 000 to 14 000. Total industry employment therefore declined from 135 000 to 100 000 — a 26% drop over the past four years.

Of the three main clothing industry centres — Johannesburg, Cape Town and Durban — Johannesburg has been hardest hit. "Johannesburg is the smallest clothing manufacture centre — but with retrenchments it has been made even smaller still," comments NCF executive director Frank Whitaker.

However, with some slight positive signs, manufacturers are hoping — a little desperately perhaps — for better days ahead, once the economy starts picking up.

# Pepkor plans listings

30/07/86 News

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Mercury Correspondent

CAPE TOWN—Cape-based Pepkor intends to float at least two new public companies on the JSE as part of a major restructuring and retail group, according to this week's *Financial Mail*. Final details are being worked out but managing director designate Mr Arnold Louw provides considerable insight into group plans.

Pepkor recorded a R16,8m loss for the year ended February, following provision for a R25,9m forex loss at the interim stage, and passed the final dividend.

Chairman Mr Christoff Wiese said then the board was examining ways of restructuring.

One of the new companies is intended to comprise the Pep Stores/Ackermans retail chain with its vertical manufacturing divisions such as Student Prince (school clothes), Stiletto (lingerie), and Belgotex (towels). The Shoprite supermarket chain is envisaged to be listing number two.

Pepkor will retain majority stakes in the new entities which contain the retail outlets, but exclude the horizontal manufacturing operations (those doing business outside the group such as Monatic shirts, PTI blankets, Budget Footwear, Titan textiles, and the Hyperette chain).

They will stay with Pepkor, which holds 54% of Pepgro, which holds the ultimate holding company. The idea is to allow shareholders the opportunity to focus on specific sections of the market through the vertically integrated retail listings as an alternative to the broadly-based Pepkor and even more-so pyramid Pepgro.

Mr Louw officially becomes managing director of both companies on March 1, but current managing director Mr Tom Ball has begun to hand over the reins and Mr Wiese is taking a more strategic role. Pepkor has been considered rather lean at the top in recent times.

The imminent departure of Mr Ball and Mr Wiese's gradual change would accordingly appear to call for a further injection of senior management. Mr Louw says only that he would like to add additional clout.

# Berkshire looking to recovery

DD 31/07/86

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*[Handwritten scribble]*

## Business Editor

EAST LONDON — Hosiery and casual wear manufacturer Berkshire International has recorded an overall loss for the half year ended July 4, but points to a second-quarter turnaround as an encouraging sign for the rest of the year

share of 30,8 cents in the first quarter were partially offset by earnings of 10,3 cents in the second quarter to give an overall loss per share of 20,5 cents for the six-month period

The consolidated unaudited results show an after-tax loss of R266 000, compared to a R120 000 profit for the comparable period last year. The pre-tax loss was R91 000 compared to a profit of R106 000 in the first six months of last year

The interim report says that the recessionary climate had a severe effect on group profitability in the first quarter. "Although trading conditions remained extremely difficult during the second quarter, the group achieved improved results and the board is reasonably confident that this improved performance will be maintained for the remainder of the calendar year," the report says

After-tax losses in the first quarter of this year amounted to R456 000. The six-monthly figure was improved by an after-tax profit of R190 000 in the second quarter

A 6 per cent preference dividend has been paid for the six months. No ordinary interim dividend has been declared (1985 1 cent)

Losses per ordinary



Cape Times 4/18/86  
Clowu to proceed  
with court bid

Staff Reporter  
THE Clothing Workers' Union (Clowu) will proceed with its Supreme Court application for the release of some of its detained members in spite of the release last week of five of the six people named in the papers.

A spokesman said yesterday that the urgent application had been lodged with the Cape Supreme Court on Friday morning and "by Friday night five of the six named in the application had been released" after 37 days in detention.

The spokesman said Clowu would almost certainly "pursue the matter when it comes before the court on Tuesday, on behalf of the one remaining person in the group who is still in detention.

"But we strongly feel that he will be released before that happens."

Clowu is engaged in a recognition dispute at Cape Underwear Manufacturers Ltd of Epping. Three of the six who

were detained work there.

The five who were released are Ms Aziza Charles, Clowu assistant secretary, Mrs Dawn Adams, a union organizer, Mrs Gawa Hartley, Mrs Miriam Smith and Ms Desiree Baile, all three workers at Cape Underwear who were suspended early in June after ignoring a management refusal to allow them to address other workers at the factory.

### Ballot

They were detained on June 25 in the Clowu offices in Woodstock, just two days before a secret ballot was to be held at Cape Underwear Manufacturers to establish whether Clowu had gained the support of a majority of workers.

● Clowu failed to prove majority support in the secret ballot among Cape Underwear workers, leaving "the matter closed" as far as the company's management was concerned, a union spokesman said.

# 'Textile mill delays cost Sear del millions'

By TOM HOOD

SERIOUS delays with textile deliveries in the past six months put a brake on the profits of clothing companies in the giant Sear del Investment Corporation.

One company alone, Cape Underwear, estimates it lost R500 000 in bottom-line profit and losses by one division of the group could well run into R8 million a year, says Sear del's chairman, Mr Aaron Searll

Late deliveries by South African textile mills forced factories into short time and four-day weeks, while poor quality of fabrics meant as much as 20 percent of some deliveries could not be used.

"The delivery situation is a disgrace. Textile companies receive protection from overseas manufacturers, yet they have been exporting and neglecting the local market. Prices have increased away above the inflation rate

while the low rand prevents us from importing fabric from overseas

"We have had cancelled orders and late deliveries have disrupted our production plans"

However, by retaining profits in the year to June, Sear del wiped R9,5 million off its borrowings and cut its interest bill by R4 million to R9,8 million, a fall of 29 percent.

"We are going to apply our cash flow to reducing debt," says Mr Searll. "Dividend cover is 5,3 (5,6) and retention of earnings will go a long way towards reducing debt, which is our main objective"

As a result, the final dividend stays at 8c, making the year's payout 16c, up from 12c

The group ended the 12 months with a spectacular recovery, boosting earnings by 24 percent to R3,5 million or 84,1c (67,6c) a

share. This is still a long way behind the heady days of 1983, when earnings topped R7 million or 120,2c a share and dividends of 30c were paid

Sear del is now clear of the foreign exchange losses which hit the group severely in the past

Turnover improved by R20 million or almost 6 percent to R373 million, but a squeeze on margins reduced operating profit by 5,2 percent

After deciding not to consolidate the profits of its 50 percent Zimbabwe subsidiary, the drop increased to 11,4 percent and operating profit fell by R2,5 million to R19,4 million

Retailers reported higher sales in the last few weeks and it could be a good sign for the clothing industry, says Mr Searll, who is cautious about forecasting if this year will end up better than last year's tough time

AKGMS 8/8/86  
184

# Seardel shows major improvement

## After-tax income surges 24,4%

*Car-Turs*  
*8/8/86*  
*184*

SEARDEL last night reported its first major improvement in five years with a 24,4% boost in after-tax income attributable to ordinary shareholders to R3,538m (R2,845m) for the year ended June.

A proposed final dividend of 8c (8c) means a 33,3% leap in the payout for the year to 16c (12c) covered very conservatively at 5,3 (5,6 times).

Earnings per share are 84,1c (67,6c) on an unchanged number of shares in issue, in spite of an 11,4% drop in operating income to

R19,408m (R21,913m)

The key factor in the big improvement was a greatly reduced interest bill at R9,867m (R13,964m) achieved through a reduction in debt and, of course, lower interest rates

Tax is up 18,3% at R6,726m (R5,687m).

A clearly buoyant chairman, Aaron Searll, told those gathered at the traditional Monterey cocktail party that he expected still better things next year

Earlier in the day poorly founded rumours were suggesting a major disappointment in the results following an apparent mistake at the Johannesburg Stock Exchange

The counter was shown as having dropped 100c (about 20%) on a volume of 100 shares, nonsensical numbers, but rumours are made of less

Searll went off the record when discussing comparative performances of the subsidiaries. The picture was generally good

Concern was evident over the reaction of the group's customers to the excellent performance (the major chains could be expected to step up pressure for better deals)

It was emphasized that margins remained extremely thin, and of course operating income was down.

Searll was not particularly concerned by the prospect of tightened sanctions, maintaining there would always be ways to evade them, maybe even some new opportunities

Profits of the Zimbabwean subsidiary were not consolidated in the results because they are only partially remittable

This reduced earnings per share by 7,6c, but operating income would still have declined by 5,2% had this not been done.

All forex losses, including those unrealized, were accounted for, and all remaining forex positions were covered.

**NIT**  
**NERV**  
**DOWNS**

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**DOOR FRAMES**  
**AN62**



# Delays in cloth deliveries slow profits at Seardel

By Tom Hood

Serious delays with textile deliveries in the last six months put a brake on the profits of clothing companies in the giant Seardel Investment Corporation

One company alone, Cape Underwear, estimates it lost R500 000 in bottom-line profit and losses by one division of the group could well run into R8 million a year, says Seardel's chairman, Mr Aaron Searll.

Late deliveries by South African textile mills forced factories into short time and four-day weeks, while poor quality of fabrics meant as much as 20 percent of deliveries could not be

used

"The delivery situation is a disgrace. Textile companies receive protection from overseas manufacturers, yet they have been exporting and neglecting the local market. Prices have increased away above the inflation rate while the low rand prevents us from importing fabric from overseas

"We have had cancelled orders and late deliveries have disrupted our production plans."

However, by retaining profits in the year to June, Seardel wiped R9,5 million off borrowing and cut its interest bill by R4 million to R9,8 million, a fall of 29 percent

"We are going to apply our cash flow to reducing debt," says Mr Searll

"Dividend cover is 5,3 (5,6) and retention of earnings will go a long way towards reducing debt, which is our main

objective

As a result, the final dividend stays at 8c, making the year's payout 16c, up from 12c

The group ended the 12 months with a spectacular recovery, boosting earnings by 24 percent to R3,5 million or 84,1c (67,6c) a share. This is still a long way behind the heady days of 1983, when earnings topped R7 million or 120,2c a share and dividends of 30c were paid

It is now clear of the foreign exchange losses which hit the group severely in their past.

Turnover improved by R20 million or almost six percent to R373 million. Operating profit fell by 5,2 percent but after deciding not to consolidate the profits of its 50 percent Zimbabwe subsidiary, the drop increased to 11,4 percent and profit fell by R2,5 million to R19,4 million.

For the Connoisseur's Cabinet



U.S. CITIZENSHIP OR RESIDENCE FOR YOU

from applicable

# Growth rate is restored at Foschini

ELIZABETH ROUSE

FOSCHINI pulled up in the six months to June, restoring its growth record after last year's lapse.

The interim dividend has been raised to 175c from 168c. The dividend total stuck at 812c in the past two years.

Taxed profit rose by 25% to R4,37m from the 1985 half-year's R3,5m and operating income was up by the same percentage at R8,75m (R7m).

The pyramid, Lewis Foschini Investment Company, whose income consists almost entirely of Foschini dividends, has lifted its interim to 17,5c (16,8c).

Chairman Stanley Lewis said in the 1985 annual report that group sales improved for the first few months of the year. The well-managed group kept stocks in control, the balance sheet remained healthy and cash resources were large.

The market has been expecting an improvement in first half results. Foschini shares have been rising in past weeks and are standing at about R185. However, they traded as high as R260 this year. Being tightly held, the stock moves on small volume.

Lefic shares are trading at about R19,75

# Rex Trueform is back in the dividend stakes

CAPE TOWN — Rex Trueform has shaken off 1985's forex woes and come back to the dividend stakes in the year ended June 30

A dividend of 55c has been declared on what the directors describe as a satisfactory profit in spite of a decrease in turnover and continued pressure on margins

Operating income during the year fell from R12,1 million to R9,2 million for net attributable income of R5,8 million. Last year's foreign exchange losses meant a shortfall of R9,35 million

The directors say turnover decreased by 19,7 percent largely because of weaker consumer demand in the domestic market, lower export activity, cautious retailer attitudes and a more stringent approach in granting credit.

However, a satisfactory profit had been earned, largely through containment of costs, lower interest charges, and the rationalisation of production facilities

While lower interest rates and some increase in consumer activity were positive aspects now evident in the economy, said the directors, inflation continued at a high level and margins remained under severe pressure. The holding company, African & Overseas Enterprises, has announced a dividend of 25,5c (1985. Nil).

□ □ □ Clothing chain store Foschini has upped its interim dividend for the six months

ended June 30 to 175c (1985 168c) after boosting net income by 25 percent to R4 375 000 (R3,5 million). Operating income was up from R7 million to R8,75 million

Lewis Foschini Investment Co, whose income is derived almost entirely from dividends on its investment in Foschini, has increased its interim from 16,8c to 17,5c

□ □ □ Anglovaal's Grinaker Holdings attributable earnings for the year ended 30 June were down 42 percent at R7,2 million and the final dividend was reduced to 6c a share. Turnover rose by nine percent to R457,0 million (1985 R419,9 million)

Grinaker continued to experience tight profit margins with competition aggressive, but the most significant factor contributing to the reduction in the net operating profit at R15,4 million (1985 R24,2 million) was a R9,5 million loss from operations that have now been discontinued

Higher interest paid — it rose 44 percent to R5,2 million (R3,6 million) — stemmed from the increase to R44,3 million (R20,9 million) in interest-bearing debt caused by significant holding costs on property Grinaker is keeping for development, the need to finance work-in-progress and by losses on the discontinued operations

The final dividend was reduced to 6c (13c), giving a total of 9c (18c) for the year. — Sapa

## LONDON

LONDON — Gold shares closed mixed with currency factors and worries about SA violence tending to outweigh higher bullion

AM Gold rose 100c to \$64

## NEW YORK

NEW YORK — The stock market declined slightly yesterday, running into some resistance around record or near-record levels.

AM AN AN AM

1900	4,8	11,8	1650	1200
	2,7	7,8		



## BUSINESSMAN OF THE WEEK

Commonsense,  
'gut feeling'  
— and luck  
keys to  
his success

By ARNOLD KIRKBY

ZHAUN Ahmed, head of the Zhaun Textiles group, is a dynamo who has built up a privately owned textile, clothing, finance and property empire through hard work and the ability to make a deal and walk away with a handsome profit.

A product of St George's Grammar School, he challenged the clothing trade at the age of 21, lived through the hard knocks of the early years and learned "how not to make mistakes"

Sitting behind his large desk, littered with material samples and piled with files, he spoke in rapid short sentences about his business and its growth

He attributed his success to 50 percent luck, a lot of common sense, operating on "gut feeling" and education

"I started off small in 1970 and built it from there"

He learned his trade well and now operates the largest textile wholesale distributor in the country, with the



Zhaun Ahmed, who has built up a business empire in textiles, clothing, finance and property.

biggest factory shop of its kind in the world

To add to it he acquired an upmarket Durban-based fabric company

Zhaun's retail trade is another new venture, with eight outlets in the Cape and another four planned by the end of the year — aimed at people who want to beat the high cost of off-the-peg clothing by making their own

The next step in this project is to start franchise operations, he says. The first two in a pilot scheme will be in Paarl and Worcester before going national.

The stockholding of the Zhaun's Textiles group at normal selling prices is R10 million, Mr Ahmed says

On the property scene, Mr Ahmed leaves for Britain next week to "structure" a deal with an overseas company to buy into his growing portfolio

"This will help to expand this portfolio tremendously"

Most of the properties he owns are in the Western Cape, though he also has interests in Johannesburg, Mossel Bay and SWA-Namibia

Another R10-million deal is being negotiated with the Re-

hoboth authorities in SWA-Namibia to build 150 houses.

He has as much confidence in South Africa, and openly admits that he takes advantage of the slump in the economy to acquire more interests. This includes taking over insolvent companies

#### Credit peak

Another facet of his empire is a cheque discounting operation to assist companies which have reached their credit peak at banks, but are in need of capital.

This firm has been operating for about a year

A normal working day for Mr Ahmed stretches to between 14 and 15 hours and his office is designed to make those hours more bearable

It is an eclectic mixture of ultra-modern and a touch of history, with antiques, such as a 400-year-old Torah among his prized possessions

#### Rolls-Royce

There are also old typewriters, cash registers, a wind-up gramophone and a safe which dates back to before the turn of the century.

In his motorised stable he has a Rolls-Royce, and a Mercedes sports car, while his Christmas vacation is normally spent skiing in Europe, "in preparation for the next year"

He does not skimp on these "personal luxuries". A sign on a cupboard in his office says it all "You have to work like a slave, to live like a king"

Of himself he says little except that he never wastes time whether it is reading a newspaper to glean information about the market or a book or even looking at the scenery

Commonsense,  
'gut' feeling  
— and luck  
keys to  
his success

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**Unionist** 100  
**'obstructed  
policeman'**

CAPE TOWN — Clothing Workers' Union organiser Miss Zubeida Jaffer appeared in the Wynberg Magistrate's Court yesterday charged with interfering with policemen in the execution of their duties by preventing the arrest of another person.

This follows an incident on Wednesday when police came to her home and her common-law husband, community leader Mr Johnny Issel, allegedly escaped.

Miss Jaffer was charged with holding the arms of Lieutenant Frans Mostert.

The hearing was adjourned to November 11.

— Sapa.



CLOTHING INDUSTRY

5/19/86  
**Getting warmer** FCM/MLL

The tattered Cape clothing industry may have left the worst of the recession behind. Early indications from both retailers and manufacturers are that sales are better than

a year ago. That means a rise from a very low base, of course, but it is still highly encouraging, particularly at a time when some bases appear to have no bottom.

National Federation of Clothing Manufacturers president Mike Getz notes a good clearance of winter clothing. He says the trend is being sustained for the between-season and early summer merchandise now coming into the shops.

One reason for the improvement, Getz speculates, could be that the recession has concentrated managements' minds to the point where they are buying and merchandising more carefully and successfully.

Retailers have also changed ordering patterns. Where previously a season's supplies would have been ordered in one go, shops are now taking small bites and then evaluating sales before asking for more. The upshot is that manufacturers are still producing summer ranges which by now would normally have given way to production for the next winter season.

Employment in the Cape, the dominant region in the industry and a good reflection of the national trend, increased by about 1 000 in the past month to 51 400, according to the Cape Clothing Manufacturers' Association (CMA). That's a far cry from the 65 000 peak three years ago, but a nice improvement on the 48 000 nadir of a few months ago.

Wages are due for adjustment when the current two-year agreement with the National Garment Workers union expires in December. Negotiations have just begun.

The Cape has about 45% of the national clothing work force and some 48% of SA's R2 billion clothing turnover. Production is relatively high quality, providing the bulk of exports. Garment prices have advanced some 12%-14% in the past year on narrower margins.

CMA chairman Simon Jocum points out that growth for the past three years has been inflation-based. Unit sales have been stagnant until now.

Ironically, the domestic fabric shortage (See *Trouble at the mill*) is responsible for much of the current upsurge in activity. Jocum maintains late delivery of scarce fabric supplies has now left manufacturers working overtime in a last-minute rush to get out summer lines.

Woolworths MD Mike Stakol says sales are up on this time last year. "We are not as pessimistic as we were."

First signs of the improvement were evident last month. A possible explanation was additional spending power from lower bond and other interest charges.

Stakol believes it is still too early to talk of a sustained recovery in clothing, clearer indications might emerge in a week or two.

Foschini chairman Stanley Lewis confirms that spring and summer ranges are moving better than in 1985.

And so, too, does Edgars. Says a Cape spokesman "We are having a good run and see a good response to our summer input." ■

**7. KLOUSULE 10.—AGENTE**

Vervang "Raad" deur "Bestuurskomitee".

**8. KLOUSULE 11.—VRYSTELLINGS**

Vervang "Raad" deur "Bestuurskomitee".

**9. KLOUSULE 12.—VRYWARING**

Vervang "Raad" deur "Bestuurskomitee".

Namens die partye op hede die 26ste dag van Mei 1986 te Kaapstad onderteken.

**J. D. F. COLINESE,**

Voorsitter.

**S. HARRIS,**

Ondervoorsitter.

**J. L. CROCKER,**

Sekretaris.

**No. R. 1905**

**12 September 1986**

**WET OP ARBEIDSVERHOUDINGE, 1956****KLERASIENYWERHEID, ORANJE-VRYSTAAT EN NOORD-KAAPLAND.—HERNUWING VAN HOOF-OOREENKOMS**

Ek, Mattheus Willem Johannes le Roux, Direkteur: Mannekrag, behoorlik daartoe gemagtig deur die Minister van Mannekrag, verklaar hierby, kragtens artikel 48 (4) (a) (ii) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalinge van Goewermentskennisgewings R. 602 van 25 Maart 1983 en R. 2091 van 21 September 1984 van krag is vanaf die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 30 April 1988 eindig.

**M. W. J. LE ROUX,**

Direkteur: Mannekrag.

**No. R. 1906**

**12 September 1986**

**WET OP ARBEIDSVERHOUDINGE, 1956****WASSERY-, DROOGSKOONMAAK- EN KLEUR-BEDRYF (TRANSVAAL). — VERLENGING VAN HOOF-OOREENKOMS**

Ek, Mattheus Willem Johannes le Roux, Direkteur: Mannekrag, behoorlik daartoe gemagtig deur die Minister van Mannekrag, verleng hierby, kragtens artikel 48 (4) (a) (i) van die Wet op Arbeidsverhoudinge, 1956, die tydperke vasgestel in Goewermentskennisgewings R. 511 van 8 Maart 1985, R. 2631 van 22 November 1985, R. 519 van 21 Maart 1986 en R. 921 van 16 Mei 1986, met 'n verdere tydperk wat op 31 Desember 1987 eindig.

**M. W. J. LE ROUX,**

Direkteur: Mannekrag.

**No. R. 1907**

**12 September 1986**

**WET OP ARBEIDSVERHOUDINGE, 1956****WASSERY-, DROOGSKOONMAAK- EN KLEUR-BEDRYF (TRANSVAAL) — VERLENGING VAN VOORSORG- EN SIEKTEBYSTANDSFONDSOOREENKOMS**

Ek, Mattheus Willem Johannes le Roux, Direkteur: Mannekrag, behoorlik daartoe gemagtig deur die Minister van Mannekrag, verleng hierby, kragtens artikel 48 (4) (a) (i) van die Wet op Arbeidsverhoudinge, 1956, die tydperke vasgestel in Goewermentskennisgewings R. 2655 van 7 Desember 1984, R. 2632 van 22 November 1985, R. 530 van 21 Maart 1986 en R. 922 van 16 Mei 1986, met 'n verdere tydperk wat op 31 Desember 1987 eindig.

**M. W. J. LE ROUX,**

Direkteur: Mannekrag.

**7. CLAUSE 10.—AGENTS**

Substitute "Management Committee" for "Council".

**8. CLAUSE 11.—EXEMPTIONS**

Substitute "Management Committee" for "Council".

**9. CLAUSE 12.—INDEMNITY**

Substitute "Management Committee" for "Council".

Signed at Cape Town, on behalf of the parties, this 26th day of May 1986.

**J. D. F. COLINESE,**

Chairman

**S. HARRIS,**

Vice-Chairman.

**J. L. CROCKER,**

Secretary.

**No. R. 1905**

**12 September 1986**

**LABOUR RELATIONS ACT, 1956****CLOTHING INDUSTRY, ORANGE FREE STATE AND NORTHERN CAPE.—RENEWAL OF MAIN AGREEMENT**

I, Mattheus Willem Johannes le Roux, Director: Manpower, duly authorised thereto by the Minister of Manpower, hereby, in terms of section 48 (4) (a) (ii) of the Labour Relations Act, 1956, declare the provisions of Government Notices R. 602 of 25 March 1983 and R. 2091 of 21 September 1984 to be effective from the date of publication of this notice and for the period ending 30 April 1988.

**M. W. J. LE ROUX,**

Director: Manpower.

**No. R. 1906**

**12 September 1986**

**LABOUR RELATIONS ACT, 1956****LAUNDRY, DRY CLEANING AND DYEING TRADE (TRANSVAAL). — EXTENSION OF MAIN AGREEMENT**

I, Mattheus Willem Johannes le Roux, Director: Manpower, duly authorised thereto by the Minister of Manpower, hereby, in terms of section 48 (4) (a) (i) of the Labour Relations Act, 1956, extend the periods fixed in Government Notices R. 511 of 8 March 1985, R. 2631 of 22 November 1985, R. 519 of 21 March 1986 and R. 921 of 16 May 1986, by a further period ending 31 December 1987.

**M. W. J. LE ROUX,**

Director: Manpower

**No. R. 1907**

**12 September 1986**

**LABOUR RELATIONS ACT, 1956****LAUNDRY, DRY CLEANING AND DYEING TRADE (TRANSVAAL).—EXTENSION OF PROVIDENT AND SICK BENEFIT AGREEMENT**

I, Mattheus Willem Johannes le Roux, Director: Manpower, duly authorised thereto by the Minister of Manpower, hereby, in terms of section 48 (4) (a) (i) of the Labour Relations Act, 1956, extend the periods fixed in Government Notices R. 2655 of 7 December 1984, R. 2632 of 22 November 1985, R. 530 of 21 March 1986 and R. 922 of 16 May 1986, by a further period ending 31 December 1987.

**M. W. J. LE ROUX,**

Director: Manpower.



# Prospects look better for clothing industry

BUDNY

184

12/9/86

LINDA ENSOR

THE RECESSIONARY gloom has lifted from the clothing and textile industries. Sales have picked up, employment has either stabilised or increased and spare capacity is being utilised.

Frank Wells, MD of UPC Retail Services — Edgars' servicing subsidiary — says the good run on sales experienced over the last couple of months is expected to continue in future, provided the political situation does not change for the worse.

Sales figures are well ahead of projections and well up on last year, though Wells cautions they are coming off a low base. "There is more money in the economy as a result of the loan levy refund and the spate of wage negotiations of a fairly high order which have been concluded," says Wells.

Down the line representatives of the clothing and textile industries are reporting improved conditions. Frank Whitaker, director of public affairs for the National Clothing Federation, says retrenchments have stopped and new workers are being taken on. The industry's workforce in SA suffered a decline from 130 000 in 1980 to its present 100 000, though expansion in the home-lands absorbed some of these people.

Stanley Schlagman, executive director of the Textile Federation, attributed the welcome reversal in the clothing industry's fortunes to the need to replenish inventories as well as increased

consumer demand

The industry had had to rectify its underestimation of demand and its decision to keep inventories as low as possible in view of the crippling interest rates.

The textile industry has been well-occupied but was concerned about the increases in the cost of inputs, such as imported raw materials and labour, which had been absorbed over the last 12 months.

Price increases of about 15% can be expected in the next 12 months to compensate for this, Schlagman says.

The conflict between the clothing and textile industries over alleged textile shortages which the clothing industry fears will inhibit its ability to take advantage of the economic upturn continues and the Board of Trade and Industries has been approached for an extension of the 30-day rebate on import duty, introduced in May. The Textile Federation is opposing the proposal.

Schlagman says the shortages were the result of the clothing industry — faced with a low rand — suddenly reducing imports by 50%. The local textile industry had not had enough time or finance to make the necessary adjustments to meet the increased demand, he claims.



184  
24/9/86

# Clothing workers to negotiate wages

Labour Reporter

WAGE negotiations affecting 51 000 workers in the clothing industry in the Western Cape will begin early next month

The new wage and service benefits agreement will be negotiated between the Garment Workers' Union of the Western Province (GWUWP) and two employer bodies — the Cape Clothing Manufacturers' Association and Cape Knitting Industry Association

A new element in this year's talks will be the union's demand for a paid holiday on May Day.

The assistant general secre-

tary of GWUWP, Mr Cedric Petersen, said the union had submitted its proposals to management and was awaiting a response.

The secretary of both employer bodies, Mr Colin McCarthy, said the parties would set a date for the first round of talks at an industrial council meeting on Thursday next week

The new agreement will come into effect on December 13

The annual wage negotiations have been delayed by a month this year because the general secretary of GWUWP, Mr Louis Petersen, has been ill.

27/9/80 STAN

# Better times ahead in clothing industry

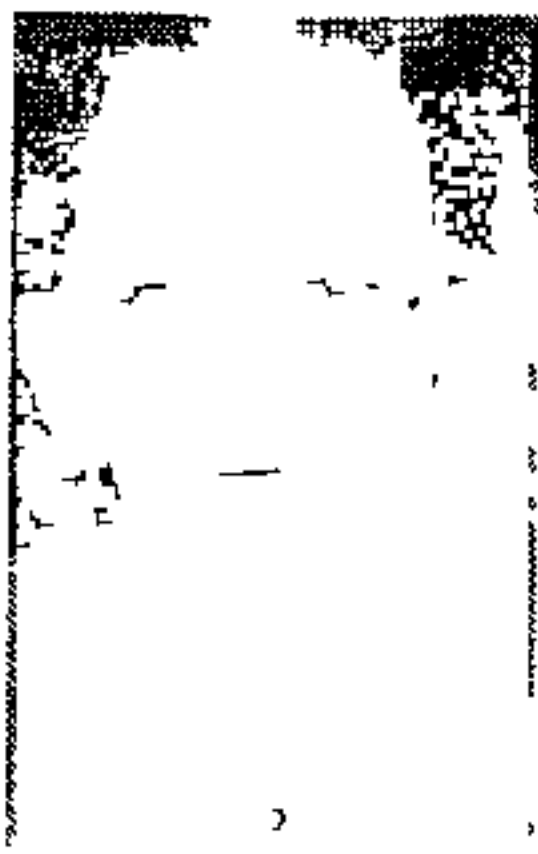
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By Stan Kennedy

After a 45 percent contraction in South Africa's clothing output in the past four years, the clothing industry has reached a turning point and better times ahead are predicted by the president of the National Clothing Federation of SA, Mr Mike Getz.

Coming on top of this optimistic forecast is an announcement in yesterday's Government Gazette that the Board of Trade and Industries is to conduct an investigation into the total supply pipeline of the clothing industry.

Whereas the Steenkamp report looked at the broad framework of the industry three years ago, the proposed investigation will probe the finer details of the entire industry, including tariffs,



Mike Getz

exports, imports, difficulties in obtaining fabrics, government strategies in other countries and the potential of the industry to create employment.

Mr Getz said "We have created capacity, much of it expensive, but we have done little or nothing about developing markets. What is necessary now are policies, services and inputs that are tailored to the world we live in."

"At present, the industry is faced with problems arising from a curtailed supply of raw materials aggravated by sharp price increases. This is the last thing we need at a stage of moderate recovery."

He said there had been modest indications of an improvement in the industry and consumers were responding

to effective merchandising.

The downward trend in retail sales of all ranges of clothing started to turn in July since when, major retailers had reported an increase in sales. This was the result of both increased consumer spending and retailers replenishing their depleted stocks.

He said the sales of textile factories had increased more rapidly in the past year than the sales of clothing factories.

"In the absence of significant fabric stockpiling by the clothing industry this can probably best be explained as being the result of increased export sales as well as increased sales to other end-users such as the furniture and automotive industries and households."

The slight improvement in employment was also an indicator that the industry was pulling itself out of the doldrums.

"The downward trend in both the Cape and Natal has been arrested. Unfortunately, in the relatively small Transvaal, it is still downwards. But overall, there is a welcome return in employment levels, which is coinciding with the increased sales levels."

"The only false note in the otherwise soothing symphony is the inordinately high rate of price increases, particularly the escalation in the price of textiles, which accounts for some 55 to 60 percent of the final cost of a garment."

Mr Getz said that notwithstanding a year-on-year consumer price index inflation rate of 16,5 percent in June this year, fabric costs were increasing by 20 percent.

This was bound to have a detrimental effect on clothing prices and, ultimately, the consumer's ability to buy.

FINAL

TEXTILES

26/9/86

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## Small relief

There is only a modicum of comfort for clothing manufacturers in the concessions just granted by the Board of Trade and Industries (BTI) on fabric imports.

To some extent, the BTI has opened the door to additional imports by abolishing the 10% surcharge on landed fabric and offering importers a 5% rebate on the payable duty.

The concessions, however, fall well below the minimum expectations of garment manufacturers, who were seeking a duty-free importation of some 18m metres of cloth over a six-month period to get them over their current supply problems (*Business* September 5).

It seems the BTI was influenced to some extent by textile producers' threats to cut back on new investment plans if a high level of imports once again threatened their operations.

Announcing the new measures, the BTI explains they will be temporary and that they have been framed to avoid "disadvantage to local competitive suppliers"

Garment manufacturers are predicting

that the measures will encourage factories to go offshore for the production of some lines — particularly now that the rand has firmed. Local textile producers have added to pressures for such a move by hiking prices substantially on current ranges.

One clothing industry source says a leading local supplier has increased prices on its full range of cottons, poly-cottons and woven fabrics by 20%-55%. At the same time, it has reduced the number of lines available. "It's the old trick of trying to turn off demand by increasing prices," he says.

National Federation of Clothing Manufacturers' President Mike Getz believes the new measures are no long-term solution to their problems of short supply — "especially with delivery dates stretching to a year or more and supplies into the market declining."

What has buoyed up the industry a little is the announcement that the BTI will launch a full investigation into both sides of the industry before reviewing the existing level of tariff protection.

Getz welcomes the moves and says they should sort out some fundamental issues which have long been in contention. ■





# Govt in bid to settle clothing, textile row

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SUNTIME  
28/9/86

**THE Government has intervened in the battle between clothing and textile manufacturers**

The restructured Board of Trade and Industries (BTI) will investigate the R4,5-billion industry in an effort to resolve problems threatening both sectors

Details of the investigation were published in Friday's Government Gazette

Clothing manufacturers claim shortages of fabrics, long delivery times and quality problems threaten the modest recovery in the industry since the beginning of July

## Tariffs

Textile manufacturers insist that shortages are temporary. They challenge a decision by the BTI to allow imports of cloth at reduced tariff duties

The investigation will revolve around import tariffs applicable to a long list of fabrics and clothing

The BTI will also investigate other aspects of the two industries, including exports, international competitiveness, imports, Government strategies in other countries and the SA market

**By Don Robertson**

The textile and clothing industries have joint sales of R4,5-billion and 1 800 manufacturers employ 211 000 people. Retail sales of clothing last year were R3,8-billion, representing 4,4% of SA's consumption expenditure and 3,2% of gross domestic product

## Decline

The investigation has been welcomed by both industries

Hennie van Zyl, head of public affairs of the National Clothing Federation (NCF), says clothing has bottomed out after four years of decline in which production fell by about 45%

Indications from the NCF suggest that since the beginning of July, clothing sales have risen and retailers are replenishing stock. Employment has increased in the Western Cape and Natal

In July, the BTI allowed clothing manufacturers to import duty free 4-million square metres of fabric. Two weeks ago, the BTI extended the relief measure by removing the ceiling on imports, but it imposed a 20% duty compared with 25% pre-

□ To Page 2

CAPE TOWN 26/9/86 (SA)

MILLS (PTY) LTD

# Clothing federation welcomes probe

**JOHANNESBURG** — The National Clothing Federation today welcomed the announcement of a Board of Trade & Industries investigation into textile tariff protections for the industry.

This would be a wide investigation into the problems facing the clothing industry, said Hennie van Zyl, director of the Federation, at a press conference in Johannesburg yesterday.

The Federation's research showed that the clothing industry had reached a stage of a limited upturn.

At this crucial stage, it was important that manufacturers' problems be thoroughly investigated, one of which was textile supply — 55% to 60% of the final garment cost.

"We would prefer to source locally but have experienced severe problems in the supply and delivery of local fabrics," Van Zyl said.

Quoting a press release from the Federation's President, Mike Getz, he said: "The Board of Trade's response (so far) to a most serious situation has been considered and mild. While our industry now has access to imported fabrics on a more

favourable basis, the constraints on imports remain considerable and not without risk.

"But the cost of not being able to obtain fabric, or not receiving the fabric or receiving it with a high degree of uncertainty as to quality and quantity, are costly and prejudicial and extreme."

However, the federation was confident that the board, which had recently been restructured and expanded, would address the problems effectively.

"We expect a report from them in a matter of months," Van Zyl said.

He disagreed with statements in the press yesterday by the textile industry that the investigation would be limited.

The supply of materials was "not only important for the clothing pipeline but for the whole SA economy" and the board needed to look at the whole economic environment in which it operated, he said.

The clothing industry was the most labour intensive in the country and capable of creating jobs if its problems could be solved.

"Concessions (from the board) might al-

low us to break into the export market and therefore generate a higher demand for local textiles."

At this stage the industry was disadvantaged on the international market because competing countries such as Taiwan had access to cheaper fabrics.

Other industry problems needing investigation included capital investment in expensive plants without effective marketing concern, and the realignments that were taking place in organised labour.

"Capital, artificially cheapened, has been wastefully invested for the quick buck fundamentally, we have created capacity, much of it expensive, but we have done little or nothing about developing markets," Getz was quoted as saying.

"We note the intention of the Board of Trade to investigate the background to the problems which have concerned us. This is an appropriate step. Addressing these problems also addresses the very fundamental issues of meaningful beneficiation best fulfilled by a growth of internal markets and an increase of jobs" — Sapa

SUN THE  
**Textile**  
**inquiry**

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From Page 1

viously. The surcharge of 10% was removed

Mr van Zyl believes the issue is urgent. Because of the low-tech nature of the clothing industry, it is ideally suited to providing jobs.

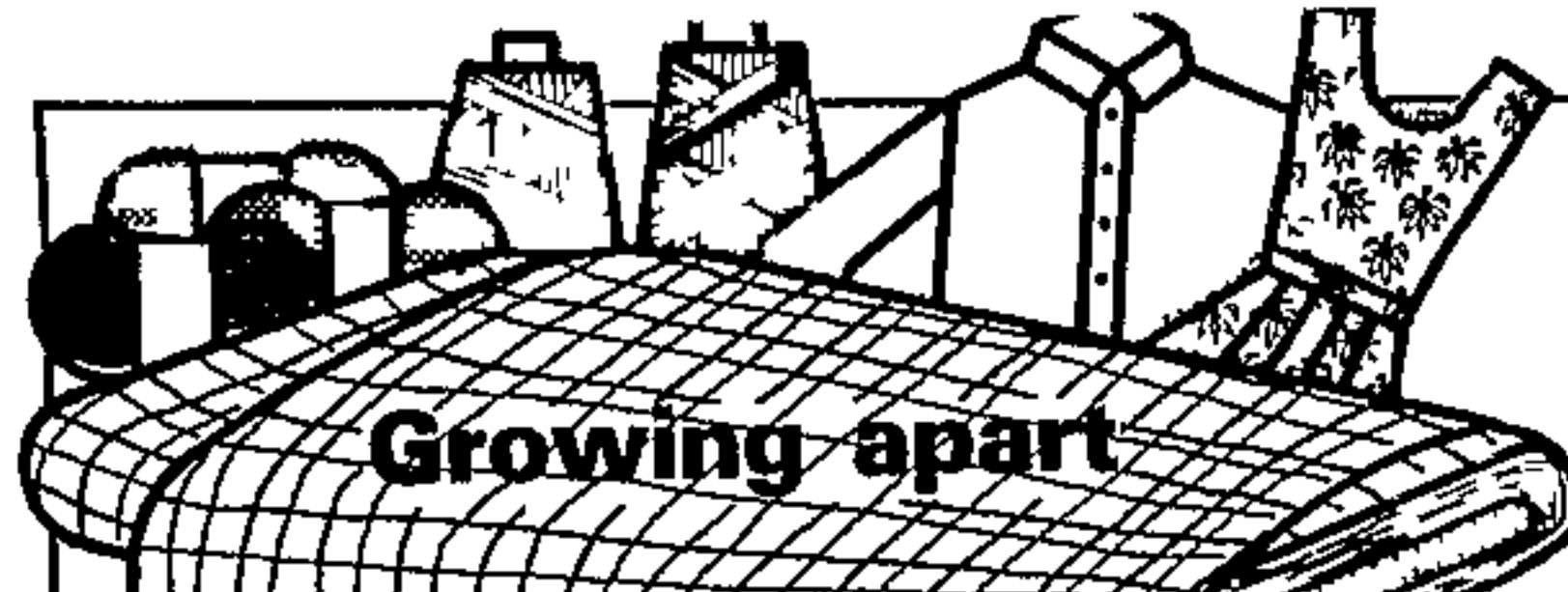
He says prices of some textiles and fabrics rose by 20% in the year to June compared with the 16,5% increase in the consumer-price index.

### Monumental

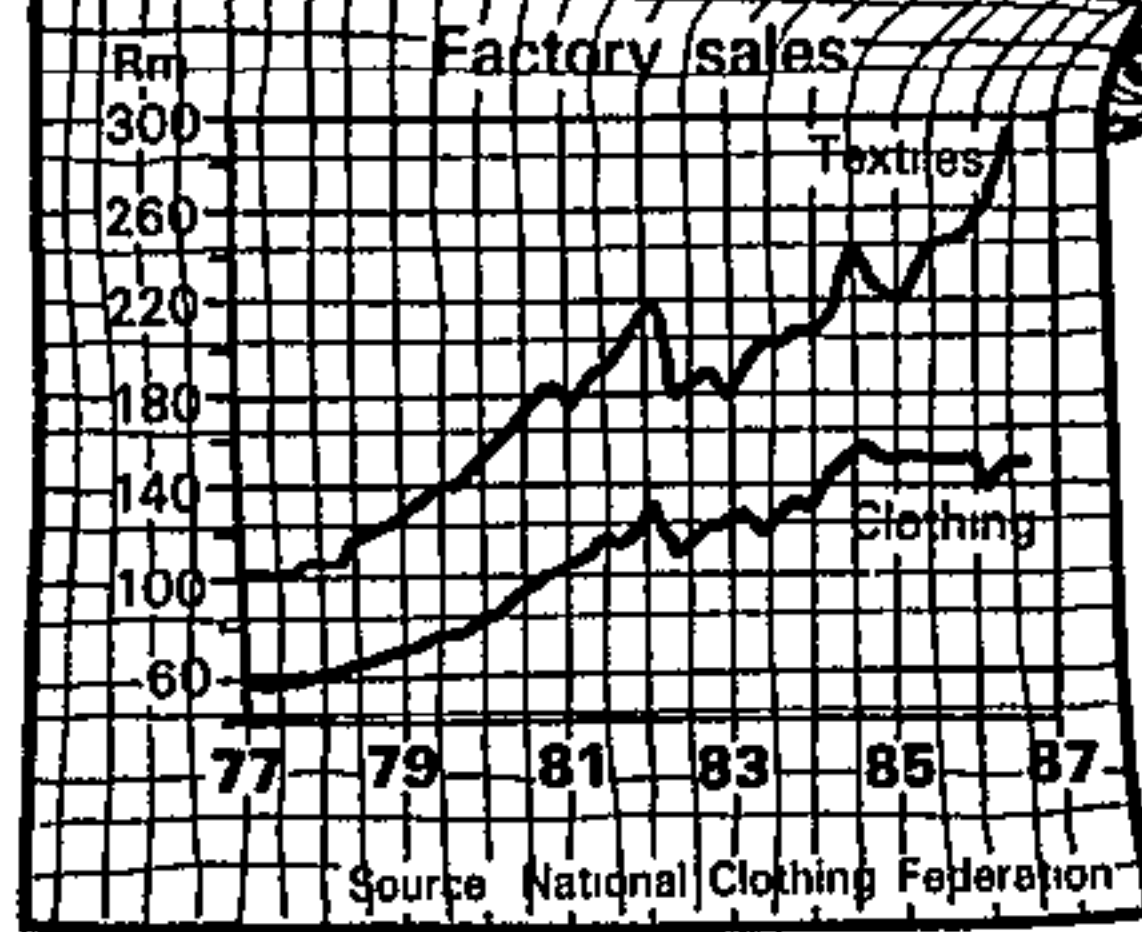
"In the past, investigations of this sort were not sufficiently implemented. This is the first task undertaken by the BTI in which it will use its new teeth. Other sectors of industry will watch developments closely."

Stanley Shlagman, executive director of the Textile Federation, says the investigation "is a monumental task, which will involve fundamental national policy decisions. We hope the BTI can react speedily to a complicated issue."





## Growing apart



of the inter-related sectors

As Getz says, the clothing and textile industries have consistently been the key component by which emerging societies have lifted themselves out of poverty "True industrialisation begins with us," he says

textile industry's fears. Textile Federation executive director Stanley Shlagman says if the industry is expected to increase its supplies to the local market from 80% to 90% "we have to be sure that we're not a fugitive market and that in the long term we can operate profitably."

He says the industry is already sitting on plans to invest R40m to increase productive capacity

Naturally, manufacturers won't go ahead while there's uncertainty about imports and import tariffs.

Just one more reason why the BTI needs to report — and act — quickly on the problems

is prepared to use its new powers to clear the way ahead for steady and rational growth National Clothing Federation (NCF) director Henrie van Zyl says "This is the first time the infrastructure has been created for the BTI to go into the clothing and textile industries comprehensively. In this country we've had far too many thorough investigations which find the problems, diagnose the cure, and then nothing happens" At the root of the problem is the rapid collapse The level of fabric imports has fallen steadily, from R374m in 1984 to R181m last year This translates into a 47% fall in volume terms As demand turned inwards, local textile manufacturers began to buckle under the strain (*Business* September 5), and delivery times for some fabrics have stretched from eight months earlier this year to a year or more. Prices have also increased by 25% on some lines In June the BTI allowed clothing manufacturers temporary respite They were given the right to import fabric worth R20m duty free, and then last week a new temporary measure came into effect Unlimited imports can now come in, with duty reduced from 25% to 20% and the 10% import surcharge abolished. NCF president Mike Getz says the BTI's response to a "most serious" situation has been mild "While we have access to imports on a more favourable basis, the constraints on imports remain considerable, and the ports are not without risk" These moves have, however, added to the

BOARD OF TRADE AND INDUSTRY

**Time to act**

It's good news that the strengthened Board of Trade and Industry (BTI) is to put the R4,7 billion a year clothing and textile industries under the microscope. There's no end in sight to the feud between the textile industry, embracing 600 manufacturers, and the clothing industry with its 120 producers over long delivery times for local fabric At risk are the 200 000 jobs in the two sectors What both sides would like to see now is evidence that the BTI can quickly come to

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SUN TIMES  
5/10/86

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# Wooltru is in for good year says MID

WOOLTRU, the true blue chip in clothing that fell from grace, is in for a good year, says group managing director Tony Williamson

With an improved and expanded trading base in Woolworths, Truworthis and Topics, and growing consumer confidence, Mr Williamson is confident of better profits

He says the group has done good groundwork and opened 10 new stores in the past year. Two more are on the cards for the coming year as well as major expansion plans for some existing stores

With signs of consumer spending moving out of the doldrums, he says, Wooltru expects an increase in sales of between 15% and 30%

The chairman, David Susman, has a damp squib in his annual report, saying sales in the early part of the new financial year rose by a miserly 21%

That is only a couple of percentage points more than the inflation rate, while its chief competitor, Edgars, is crowing about 'unbelievable' sales increases since June

## Unlikely

Wooltru's earnings have slipped to 86,1c from the record 126c in 1984. Its operating margin last year was 8,2% compared with 14,2% in 1982. These numbers are enough to make a shareholder wistful

If Wooltru could increase sales 21% this year, they would reach R900-million and, if it could attain the margin of old, operating profit would more than double to R128-million, but this looks unlikely

The annual report shows that debt, mainly long-term, has nearly doubled to R65-million after remaining fairly con-

stant at R37-million for the past three years. A total of 10 new stores and two under construction accounts for the increase

What is worrying is that interest costs at R3,3-million were relatively low, suggesting that debt was incurred late in the year and that, in spite of lower rates, interest costs next year could be higher

## Fading

Until 1980, before the acquisition of Truworthis, Woolworths avoided debt like the plague

Wooltru is no longer the darling of institutions and the stock market that it was. Said one JSE broker: "It has been fading and, even though the dividend yield at 3,6% is 24% better than Edgars' and in line with the market average, I would not enthuse about it. Still, they should push up earnings a bit this year"

Despite the maintained dividend of 52c, dividend cover dropped to 1,7 because earnings fell to 86c from 102c in the past year after falling from 126c in 1984

Mr Williamson contends that Wooltru is not a short-term group, and says it will not slash prices to increase turnover like some of its competitors

Instead, it has spent nearly R30-million on opening new stores and updating the image of some existing ones, adding nearly 20 000m<sup>2</sup> to its trading space

It has also sold some property, a property subsidiary and a trading subsidiary, Top Centre, at a R3,7-million profit

It also completed and moved into its new head office in Cape Town, which was a further drain on profits

Projects for completion in the coming year include new stores in Shelly Beach and Alberton, and extensions to Woolworths' outlets in Benoni and Bloemfontein

Mr Williamson says the new stores are all performing well and are on their way to profitability

Woolworths, which accounts for most of the group earnings, increased sales by 9,3% in the past year with foods growing at a faster rate than clothing and gaining in market share

Gains were also made with footwear, toiletries, cosmetics and household textiles, though profit margins suffered through the opening of six new stores and the impact of inflation on operating expenses

## Quality

Things are also looking rosier for Truworthis, whose sales were up 11% after a sluggish increase of only 5% the previous year

Truworthis hopes its acquisition of the Esprit franchise, known internationally for quality, will give it an edge in high-fashion clothes

Topics opened four new stores and expanded a like number. Sales increased by 12%

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SIR

# Federation near completion

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CAPE TOWN — The creation of a new federation of unions in the clothing, textile and allied industries is moving rapidly towards completion.

At a meeting in Durban at the weekend a draft constitution was formulated.

Negotiations started in Cape Town in late September.

A spokesman for one union said there was deep concern about the threat to jobs and salaries from companies moving to homeland areas.

"Companies get huge subsidies and other incentives to do this and then union organisation is restricted and wages are low," he said. — Own Correspondent.



w/e AR6as 25/10/80

# Rex Trueform's order books full

By DEREK TOMMEY

MR Stewart Shubb, chairman of Rex Trueform, one of the country's major clothing manufacturers, had cheering news for shareholders at the company's annual meeting in Cape Town yesterday

He reported full order books and forecast improved earnings

Mr Shubb said the company was in a strong position with the management, productivity

and finance ready to take full advantage of any improvement in business

Rex Trueform had a strong and unique position in the market place, and was experiencing a steady and increasing demand for its products

Demand had been improving since the end of April and shareholders could expect a further improvement in earn-

ings this year'

The order book, which was full until into the second quarter of next year, was more than satisfactory. Some facilities were already booked right to the end of this period

Last year had been a difficult one with a considerable drop in turnover. But the company had achieved considerable success in controlling costs



Case 7-4 29/06/16 (18) (19) 230

## Retrenchment settled

TEJ Knitwear yesterday agreed to pay seven retrenched workers a total of R36 250 in an out-of-court settlement after an 18-month legal wrangle over the fairness of their dismissal. The workers were among 350 TEJ employees retrenched in May last year, according to the company's managing director, Mr Ian Anderson. The seven took the matter to the Industrial Court, claiming an unfair labour practice.



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# Job levels rise in revived Cape clothing industry

By DICK USHER, Labour Reporter

JOB levels in the Cape clothing industry have been boosted by about 800 a month since July and about 53 000 people are now employed at factories in top gear to keep pace with full order books.

The Christmas rush is in full swing, there is plenty of overtime and the first six months of next year are also looking hopeful.

Mr Simon Jocum, chairman of the Cape Clothing Manufacturers' Association, said the brighter position was a result of the usual Christmas rush, retailers who had been over-pessimistic and late fabric deliveries.

"There was a shortage of cloth around May and June and factories had to cut back," he said.

"Now the late fabric deliveries are in and manufacturers are rushing to get their orders out.

"Also, I think the retailers played it too close to the chest, they were caught up in the general pessimism and the upturn caught them by surprise.

"The factories are having to force goods out."

The industry was off the bottom, had survived the total onslaught and prospects for the first six months of 1987 were better than the first half of this year which had been "a disaster".

He said the Cape clothing industry — about 40 percent of the country's total — was in the happy position of having buyers flying in.

"It's always good to have someone asking what you can sell him," he said.

But Mr Jocum warned that things were still tight owing to the high costs of raw materials.

"It would be a lot better if imports came in at more competitive prices," he said.

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# Sear del turnover up by 15,7%

CAPE TOWN — Clothing manufacturer Sear del is experiencing improved business operations, chairman Mr Aaron Searll said at the company's annual meeting in Cape Town yesterday.

Turnover in the three months ended September was 15,7 percent higher than last year at R119 million. At the same time the cost of finance had come down dramatically, saving R800 000 in finance charges, he said.

The result was that the group's pre-tax profits for the three months had been substantially higher than last year.

Demand for the company's products was good. The forward order position of the apparel manufacturing divisions in particular was satisfactory. However, margins were still not what they should be.

Mr Searll said the supply of textile raw

materials continued to be a problem. It was hoped that the high level discussions taking place would be constructive.

Replying to a shareholder, he said any textile company that claimed not to be making super-profits was in error. This was shown by the 20 percent return on turnover reported by Da Gama Textile Mills in its prospectus.

"I have always believed they are over-protected and inefficient," he said.

Mr Mike Getz, a director of Sear del and president of the National Clothing Federation, said the Government had recognised that the supply of textiles to the clothing industry was a serious matter, not just for the clothing industry but for employment.

The Board of Trade was going to look at the whole matter more carefully than ever before, he said — Sapa

FCN MAIL 3/10/86

CLOTHING TRADE

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Getting the needle

While US sanctions against South African textile and clothing exports of some R120m a year will not be a major direct blow, they could nevertheless lead to some unpleasant and unforeseen spin-offs

SA's R2,6 billion a year textile industry exported goods to the value of only R60m to the US in the year ending in June, but the growth potential of the massive US market will be lost. Also out of the window is the quota agreement concluded with US trade officials at the end of June

Textile Federation director Stanley Shlagman says companies that developed US export markets would be hit hard. Nevertheless, the number of jobs affected would be relatively small, and substitute markets could also be found

The R1,85 billion a year clothing industry

is a different story. While the R59m exports to the US in 1985 — including those of TBVC countries — were also fairly limited, these nevertheless represented the largest percentage of total industry exports of R105m

But TBVC countries could suffer most, as their decentralised clothing factories are mainly export-based. Transkei, with 25 clothing companies employing some 10 000 black workers, has the most to lose, closely followed by Ciskei — with 12 factories employing 5 000 workers — and Bophuthatswana, which boasts 10 factories with some 4 000 workers

"Many Taiwanese-owned factories export largely to the US market. Firms would now have to choose between closing down and channelling excess production into the local market. The local option would lead to cut-throat competition — with the added complication that decentralised industries are heavily subsidised," says National Clothing Federation director Henne van Zyl.

Clothing production is now back at 1977 levels — following savage reductions over the past five years — and the industry would struggle to absorb further production channelled into the local market, he says. More than half the industry's remaining 1 300 producers employ less than 20 workers each

"Price increases over the past years have been below the CPI level, while returns on investments are the lowest of all industrial sectors. Further price-cutting would, therefore, play havoc with many small suppliers and this effect of sanctions could be even worse than actual export losses," says Van Zyl.

With some 110 000 people employed in urban areas and a further 20 000-odd in the TBVC states, many workers could, therefore, lose their jobs — thanks to US sanctions legislation

Van Zyl says his Federation strongly, if unsuccessfully, lobbied in the US prior to the Congress decision — pointing out the negative effects on its 98% black workforce. "The clothing industry, as a low-tech segment of the economy, is also an ideal vehicle for job creation and training in a Third World country. With SA exports representing only 0,3% of total US clothing imports, it is inconceivable why we were singled out for punishment," says Van Zyl

Against this sorry background, the Board of Trade and Industry (BTI) will continue its investigation into levels of tariff protection on imported textiles — a sore point with the textile industry (*Business October 3*).

Van Zyl notes that the clothing industry is far more labour-intensive than the textile industry. High input costs, caused by tariff barriers on imported textiles, are restraining further growth in the clothing industry and it has, therefore, asked the BTI to lower tariff barriers on imported textiles, although this might hurt the more capital-intensive textile industry.

"Fixed assets per worker in the clothing industry is only some R70 000, compared

with R800 000 in the textile industry. In SA, we have to determine priorities as far as providing work — at the lowest possible cost — for unskilled labour," he says

Van Zyl says he sees the BTI's current investigation into the clashing interests of the clothing and textile industries as a test case for its effectiveness

□ See Leaders



# Directors take big salary cut

By TOM HOOD

FIVE directors of TEJ, the Cape Town knitwear company, have each taken a R15 000 pay cut

And the SA Shareholders Association is to report this to other companies and suggest they do the same when they run into financial troubles

TEJ's shareholders have not received a dividend payout for 11 years but they cheered up when they learned of the cut at the annual meeting this week

Total emoluments paid to the company's five directors dropped by R75 000 from R298 000 to R223 000 in the past financial year

Earlier, the company had to close plant and retrench about 350 workers in a cost-saving programme at the worst of the clothing industry slump

"When we were in trouble the directors all took a cut in salary of about 30 percent," said the chairman, Mr R M Jacobs

The directors felt they had to do it after the loyalty shown by the staff

"In 11 years of tough going we lost only two senior staff and very few people from the shop floor. Dozens of people have worked here for more than 25 years"

The company was re-employing people again to cope with extra work. Production was now booked well ahead

Mr Jacobs disclosed that a trust fund for weekly paid workers had been formed with TEJ shares given by himself and his sister to show appreciation for their loyalty and hard work over many years

Tej reported a R619 000 profit after tax compared with a R1.4-million loss a year ago

## R32-m for W Cape clothing workers

By DEREK TOMMEY  
Financial Editor

MORE than 53 000 clothing workers in the Western Cape are to receive an additional R32-million in wages next year.

They will also receive a higher holiday payout this Christmas, said Mr A M Rosenberg, chairman of the Industrial Council for the Clothing Industry (Cape).

He said that after hard bargaining between the Garment Workers Union, the Cape Clothing Manufacturers Association and the Cape Knitting Industry Association, a new wage agreement had been reached.

This provides for an average increase in wages of 15 percent on basic rates from December 13 and for an increase of up to 31 percent over the two years of the new agreement.

### Machinists

"This will inject tens of millions of rands in extra spending power into the Western Cape economy in the next two years," he said.

Mr Rosenberg said that although the increases varied slightly over the spectrum of job categories in the industry, the percentages mentioned applied to qualified machinists who made up the bulk of the industry's work force.

"The annual holiday payout this year will be at the new wage rates," he said.

The new agreement provides for structural wage increases at six-monthly intervals.

### Sick fund

It also provides for increased contributions by employers and employees alike to the industry's sick fund and provident fund.

The sick fund increases were necessary because of the larger benefits granted and rising medical costs. Payouts from the provident fund, which will receive an extra R3.3-million in the next two years, will also increase.

The agreement provides for an increase in travelling allowances to employees who work overtime on Saturdays.

Mr Rosenberg said a major concession by employers was a reduction in learnership periods in seven employment categories.

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## Garment union rejects wage offer

### Labour Reporter

GARMENT industry workers have rejected a 12-percent wage increase offered by their employers

The offer was a counter to the Garment Workers Union demand of 25 percent

Workers said after a meeting that the rejection of the offer was unanimous

Wage talks are part of the negotiations for an Industrial Council agreement to replace one which is due to expire after two years

### TWO PROPOSALS

The union is proposing an 18-month agreement for its 53 000 members, with wage increases introduced in three phases

But employers want another two-year agreement They have already rejected two proposals from the union — minimum disciplinary, grievance and retrenchment procedures, and time off with full pay for the union's nine-day shop stewards' course

Still under discussion is a union demand for May Day to become a paid holiday



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# Jaffer fined R100 for obstruction

16/11/86

CLOTHING Workers' Union, organiser, Zubeida Jaffer was this week fined R100 or 50 days' imprisonment for obstructing a security policeman by hanging on to his arms and clothing. Jaffer, 28, of Wynberg, was further sentenced to three months suspended for three years.

At a previous hearing, Jaffer said she hung onto Lt Frans Mostert to prevent him from shooting and killing her husband Johnny Issel.

Jaffer said Mostert arrived in a vehicle outside her mother's house on September 3 and blocked the way of the van in which her husband and brother were driving off. Her husband jumped out of the van and ran past her into the house.

As he did so, Mostert, who was in the car, went for his gun.

Thinking he was going to shoot Issel, Jaffer said she "jumped in and grabbed at him."

"My reaction was instinctive because I feared for my husband's life," she said.

Sapa

## Two arrested making ANC flags, court told

CAPE TOWN — A policeman yesterday told a Wynberg regional court he arrested two people after finding them making "ANC flags"

Lieutenant Frederick Frans Mostert was giving evidence in the trial of clothing workers unionist Miss Elizabeth Erasmus (26) of Mitchells Plain and Mr Fuad Carlie (45) of Athlone.

The two had been arrested at a clothing factory in Simons Road, Athlone Industria, and are charged with furthering the aims of the African National Congress.

Lieutenant Mostert said on December 9 last year he had gone to the factory with 20 men.

They entered the factory and at the door lay a heap of black, green and yellow material, some of which was sewn together. Inside he saw four women sitting at sewing machines. One of them was Miss Erasmus and the other was Mrs Veronica Simmers, whom he knew as a secretary at the UDF offices. He also saw Mr Carlie, but did not know two other women.

He had asked Miss Erasmus what she was doing

and she had answered: "You can see what we're doing."

They were all unable to give him reasonable explanations for their presence in the factory at that time of night.

He said black, yellow and green were the colours used by the ANC.

He said there had been 274 big flags and "an unknown number of small flags".

"At a rally where 10 000 people had been present, two people had run into their midst carrying such a flag and had evoked a great reaction from the crowd, who screamed 'Viva', 'Amandla' and 'Viva ANC'."

When asked whether any of the accused were ANC members, Lieutenant Mostert hesitated then said: "If they were, they would have been arrested."

He said the flags had "no seams for sticks to fit into" but after examining one of them, he said there was a seam, "but at the black side it was stitched closed".

The hearing continues. — Saps

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# BRA-LESS

## Underwear firm Playtex quits SA

AMERICAN underwear giant Playtex has withdrawn from South Africa, but its products will continue to be manufactured in this country, says local managing director Bill Quinn.

According to press reports, Durban-based Playtex Africa has broken away from its US parent in a local management buy-out arrangement that has assured continued employment for all 400 employees and the supply of existing products.

"From a wholly-owned subsidiary of international Playtex we have now become a totally SA-owned manufacturing business.

"Although the name of our company has changed from Playtex Africa to PTX Distributors (Pty) Ltd, all the traditional Playtex brand names will remain," Quinn says.

He said the new company would have access to new developments by the former US parent.

"It is very much a case of business as usual. We have written to our local suppliers and customers throughout SA with the assurance that as far as our manufacturing operation and quality of product is concerned, nothing will change." - Sapa



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Policies contrary to interests of the country.

# Clothing industry slams govt's economic actions

**THE** clothing industry yesterday slated government for implementing economic policies which, it said, were contrary to the interests of the country.

In an address delivered in Cape Town, National Clothing Federation (NCF) president Mike Getz said that official policy was mainly responsible for providing a hostile environment for labour-creating activities within the economy.

"Jobs have been punished and discriminated against in every conceivable way," he said.

"The activities on which jobs depend have been overtaxed and subjected to extraordinary high costs from suppliers of inputs and services, including governmental agencies."

The present recession was the logical outcome of such policies, he said.

"In defiance of the most elementary logic, we have persistently

**CHRIS CAIRNCROSS**

pitched the price of domestic raw materials and inputs to manufacturing at a level that would make it impossible for finished goods in SA to attract more consumers or higher consumption.

"These raw materials are readily sold in world markets, often against fierce Third World competition."

Getz said government had started a set of mechanisms and policies that enabled some industries to receive and retain protection irrespective of their performance as suppliers.

"What is at issue here is not the principle of protection, but that the obligation to supply the domestic market effectively does not specify acceptable and demonstrable standards of reliability, quality and service."

Getz said one of the problems facing SA was the "well-established" practice of linking domestic commodity prices to the dollar or sterling.

"Other inputs rise sharply when the rand weakens, to ensure that local prices reflect those prevailing internationally."

"Within living memory, these producers have sought higher prices or extra protection because world prices have fallen."

Getz said there should continue to be grave reservations over the success of efforts to stimulate job creation as long as the domestic pricing of raw materials put the end-product beyond the reach of the typical consumer.

He said the host of devices and resources being deployed to create jobs would fail if raw materials continued to be "horrendously and inappropriately" priced.

SA's clothing industry is betting on a mild reversal in its fortunes in 1987 after an annual real decline of 6% in demand for more than five years.

In a look at business prospects over the next 12 months, members of the National Clothing Federation (NCF) say they are more optimistic than they have been for some time.

Factors bolstering their spirits are indications that the economy will benefit from expected higher gold revenues next year; the prospect of

## NCF sees a mild boom ahead

**CHRIS CAIRNCROSS**

increased levels of government spending in order to give impetus to economic growth; and signs of increased demand for consumer credit.

The perceived upward trend in total retail sales from about April this year, which is expected to continue into 1987, has fuelled optimism.

The NCF says activity levels in the

clothing industry has at last entered an upward trend after a 42% decline from the peaks achieved in 1982

It cautions that it would be wrong to equate this improvement with a possible marked revival in employment levels, as business activity still remains well below what was experienced about four years ago.

No new job creation is taking place.

# Plea: stop punishing jobs

DD 11/2/86

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**Dispatch Correspondent**  
CAPE TOWN — South Africa's industrial strategy is "hostile to job creation" and must be changed, according to the president of the National Clothing Federation, (NCF), Mr Mike Getz

Speaking after the NCF annual conference in Cape Town, he said raw materials in this country were so expensive that it was difficult for consumers to afford the finished article

This was one of the reasons for falling sales and low employment in the clothing industry, in particular

A new strategy was urgently needed to revive the industry. It must be a priority for

clothing manufacturers to discuss with customers and suppliers how to lift consumption to a level that would help to get the economy going again

"It remains my view that our present circumstances are directly attributable to an economic outlook which has long been unrelated to South African realities

"The material welfare of a society should be the essential focus of sound economic policy. Unfortunately both the public and private sectors in South Africa have failed to channel and align their activities on these lines"

South Africa did not provide a hospitable environment for labour-in-

tensive industry "It is therefore an unlikely host for job creation. Jobs have been punished and decimated in every conceivable way

"The activities on which jobs depend have been over-taxed and subjected to extraordinarily high costs from suppliers of inputs and services, including government agencies, together with an environment characterised by no growth at all"

Mr Getz said this state of affairs had been in existence for years and the recession was its logical outcome

"In defiance of the most elementary logic, we have pitched the price of domestic raw materials and inputs to

manufacturing at a level that would make it impossible for finished goods in South Africa to attract more consumers or higher consumption"

These same raw materials were readily sold on world markets at prices low enough to meet fierce competition from Third World countries

"In place are a set of mechanisms and poli-

cies that enable some industries in South Africa to receive and retain protection, irrespective of their performance as suppliers

"What is at issue here is not the principle of protection but that the obligation to supply the domestic market effectively does not specify acceptable and demonstrable standards of reliability, quality and service"



Albums 9/12/86 (184) (185)

# 'Dumping' threat to Western Cape clothing industry

By DICK USHER  
Labour Reporter

**THREATENED** dumping of cheap Ciskeian clothing made originally for the US market could hit the vital Western Cape garment industry.

There are fears that the dumping, a by-product of sanctions, could lead to the loss of jobs in the textile industry.

Taiwanese finance helped establish several factories in Ciskei, which aimed to take advantage of labour conditions and rebates on imported fabrics to export cheap clothing to America.

This market was closed when the US imposed a range of sanctions in October and local manufacturers and trade unions fear goods will be dumped here as alternative outlets are sought.

The Cape Clothing Manufacturers Association, which employs about 59 000 people, is watching the situation closely.

Mr Simon Jocum, chairman of the association, said: "These manufacturers get rebates on imported fabrics only for goods

that are exported

"We would not like to see rebate fabric coming on to the local market and would like an assurance from the Government that the position will be very closely monitored.

"We don't mind fair competition but don't want unfair competition. We have been sending smoke signals to the Government to keep an eye on things."

Manufacturers fear that monitoring systems in Ciskei are not sophisticated enough to prevent dumping.

## Concessions

Even without the rebates on imported fabric, manufacturers in Ciskei enjoy concessions, which make their products competitive with local goods.

Mr Norman Daniels, general secretary of the Cape-based Textile Workers Industrial Union, said "It is obvious that manufacturers in Ciskei are going to look at the South African market and whatever happens to the local garment industry is going to have an effect on us."

The other problem was the dropping of tax on imported fabrics.



Clothing Federation chief optimistic about future

# Signs of upward trend in employment opportunities

BUSDAY  
11/12/86  
184

SEVERAL favourable short-term factors have led the National Clothing Federation (NCF) to predict the first signs of an upturn in employment levels.

Increased demand for consumer credit, coupled with increased government spending and a forecast of a 1% rise in expenditure on clothing and footwear, have caused the first summering of an upturn.

In his year-end report, NCF president Michael Getz points to an upward trend in employment opportunities, especially in Natal and the Western Cape (see graph).

"Since reaching a peak of R3,3bn in 1981, private consumption expenditure on cloth-

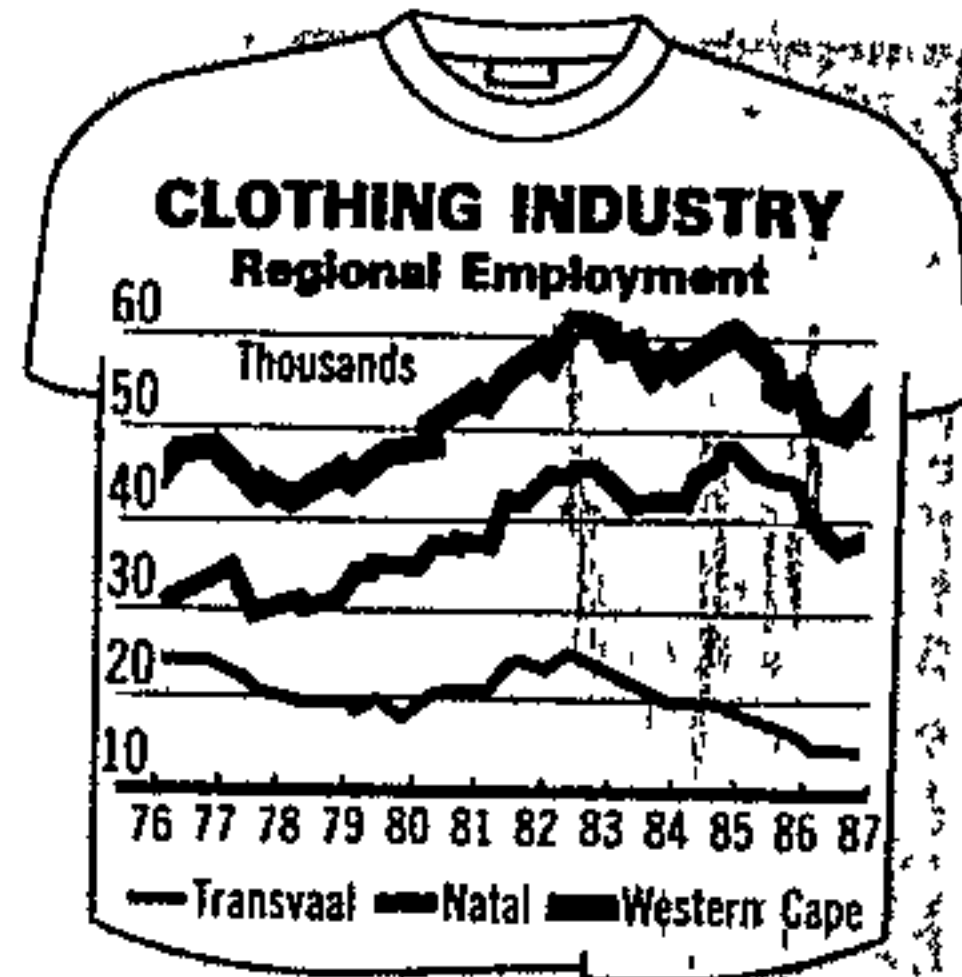
### MICK COLLINS

ing and footwear (clothing representing 83%) has decreased in real terms by 6% up to the end of 1985."

The difference between this 6% decline and the 25% decline in the real value of clothing manufactured is attributed to de-stocking by retailers and an increase in imports (especially from the TBVC states).

Fears are now being expressed that dumping of cheap Ciskeian clothing, made originally for the US market, could have some effect on job prospects in the Western Cape

"However, looking at the economic scenario, the industry is approaching 1987 with an in-



creased, albeit mild, sense of optimism," Getz adds.

After falling by a huge 42% from the peak of early 1982 to early 1986, activity levels entered an upward trend from the second quarter of 1986.

"Unfortunately, it would be

wrong to equate these upturns with the actual creation of new jobs, as the first people to be employed would probably come from the ranks of the 10 000 previously employed in the industry and who, subsequently, became unemployed as a result of the severe recession.

"Our present circumstances are attributable directly to an economic outlook that has long been unrelated to SA realities.

"The material welfare of a society should be the essential focus of sound economic policy. Unfortunately, both the public and private sectors have failed to align their activities along these lines," Getz says.

"In 1986 we are employing 16% fewer people than in 1984 — a pattern we must change."

## IN BRIEF

## Drop in... out...

## EMPLOYMENT

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CAPL Times 31/12/86 184

# SA clothing industry improves

JOHANNESBURG — Conditions in the clothing industry are improving despite a decline in consumer spending on clothing and footwear

Reasons for this are spelt out by director of the National Clothing Federation of SA (NCF), Hennie Louw, in the latest issue of the industry's newspaper, "Clothing Industry News"

## Consumption

He notes "Since reaching a peak of R3 361m in 1981, private consumption expenditure on clothing and footwear has in real terms decreased by 6% "

However "The difference between this decline and the drop of some 25% over the same period in the real value of clothing manufactured has worked to the industry's advantage "

Louw suggests this difference is partly attributable to "a gradual destocking by clothing retailers and manufacturers"

He says retail sales of clothing, representing 83,3% of all spending on clothing and footwear, are reflecting "an upward trend covering mens', boys', ladies' and girls' clothing, albeit not yet as pronounced as the trend for total retail sales in the country"

"Activity levels in the industry at last seem to have entered an upward phase as from the second quarter this year "

This follows a "mammoth 42%" plunge between the peak in early 1982 and a new low in early 1986

NCF president Mike Getz says that with the very high cost of shortages, and recent and expected dramatic price increases, particularly in domestic fabrics and throughputs, smaller and medium-sized manufacturers are fighting just to survive

"The relatively modest nature of their requirements sometimes puts them way back

in the queue for supplies," he says

"Certain major retailers also enforce thin margins and onerous terms of business, lending a fragile look to this sector's credit worthiness

"These are problems which face us all

## Competitiveness

"We must, in the end, look at our competitiveness and demand accounting for the kind of price increases which destroy value

"We should not, as individuals or as an industry, accept price hikes without detailed, comprehensive and credible motivation " — Sapa



increased control over black work in class women's ability to  
women for negotiation as only part of class the other side is  
prostate (1978) and to continue (1978-1979)

there is true of the South African situation the ability of black  
with the class women to progress is considered to be a threat, and  
reduction in the number of the black working class is considered to

MANUFACTURING — CLOTHING  
789  
JAN — SEPT — DEC

if they and their children are not in the process it is no great loss for  
progress and awareness they are not only expandable but a "threat".

The threat which Marx identified, namely that which an increase in  
the black population would lead to in South Africa and  
already, has happened because of technology which has been deared  
writing class women in particular. It is not accidental that it is  
from women who are used as a line for multi



5 000 workers  
out in the cold

GERALD REILLY

184  
Sunday  
13/11/87  
SINCE the recession started hitting the clothing industry in the Transvaal in 1983, more than 5 000 blacks have lost their jobs, says National Union of Garment Workers general secretary Lucy Myubela

She said it seemed unlikely the industry would pick up lost momentum

"There are still 13 000 working in the industry in the Transvaal, but there is no reason to believe this number will not shrink further because of a stagnant demand."

rows' burden. "If rates do rise you might... tial property lending at 12,5 percent... The bank's home-lending policy is decentralised and all... they would save in interest," says Mr Power

*w/c. Agnes 17/1/87 (184) (108) (39710)*

# Decentralisation hits unions

THE Government's policy of encouraging decentralisation is having dire effects on several trade unions

This was one of the main motivating factors behind last year's speedy formation of the Federation of Textile, Garment and Leather Workers' Unions

All six unions forming the federation are in one way or another threatened by schemes which encourage industries to move from established urban areas to homelands or decentralisation points.

One of the most severely affected has been the Garment Workers' Industrial Union, based in Natal, which has seen membership decline from about 50 000 to about 38 000 in the past 18 months

A union spokesman attributed this to the direct and indirect effects of decentralisation and the general economic downturn.

Members were lost directly when a company moved to one of the decentralisation points in Kwazulu — Isithebe or Madadeni — retrenching and then rehiring, and indirectly when members were laid off because of the adverse effect a relocated plant had on competitors in an established industrial area

Nearly every major employer in Natal had at least one factory in the homeland and membership had dropped in at least 12 of the past 18 months, mainly due to withdrawals

This not only eroded the union's membership, it also

meant lower income because of lost subscriptions and so reduced benefits the union was able to offer its remaining members

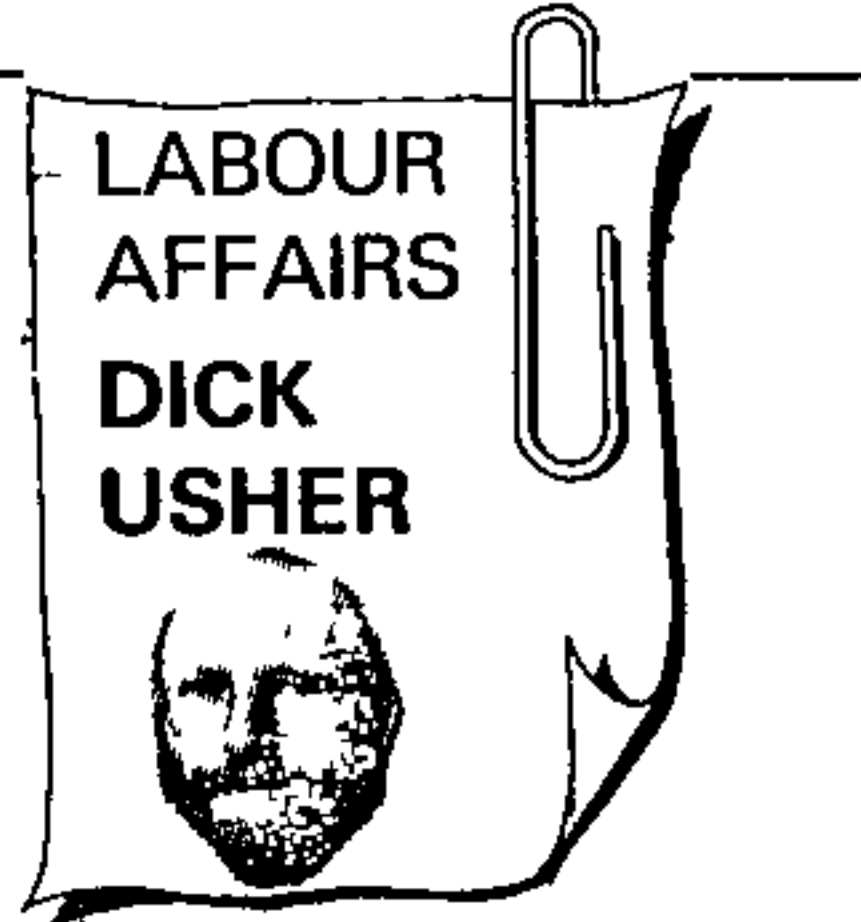
Because Kwazulu labour legislation was different from South Africa's the union was not recognised in Kwazulu and manufacturers were "not interested in negotiating with us in the homeland"

## Real wages lower

Overall, the shifts retarded the power of workers in established industrial areas to improve wages and working conditions

"As it is, real wages in the garment industry in Natal are lower than they were in 1934 and are constantly being eroded

"It is reaching the point that



manufacturers in the decentralised areas are becoming the main force for the clothing industry and we foresee the balance tipping so that if you are not in you will be out — of business," the spokesman said

The bottom line is that the incentives the Government is offering industry to move so as to create employment in the homelands, could easily lead to unemployment and downward pressure on wages in established industrial areas

## PROPERTY SALES

LATEST property sales reported by Cape Town City Council (municipal valuation in brackets)

10 Hore Rd, 771 m<sup>2</sup>, (R170 860)  
R145 000 (R36 550)

3 Ravensteyn Rd, 1 030 m<sup>2</sup> R220 000 (R73 230)

15 Torbay Rd, 244 m<sup>2</sup>, R65 000 (R28 730)

1 Amandel Rd, Westridge, 338 m<sup>2</sup>, R41 500 (R13 800)

18 Alberton St Portlands

R63 000 (R24 080)  
60 Woodgate Rd, 1 240 m<sup>2</sup>, R100 000 (R47 040)

# Mondi faces strike ballots

20/1/87 ALAN FINE  
THE Paper, Wood and Allied Workers Union (Pwawu) is to hold strike ballots among its 1 500 members at five Mondi-owned board mills this week. This follows a deadlock in negotiations over wages and other conditions of employment for 1987.

Pwawu is demanding a 70c an hour across the board increase, while the company's offer ranges from 50c to 65c. A Pwawu spokesman said Mondi's offer is the equivalent of 19% increases for workers in the bottom grades and just over 12% for those in the top grades.

He said the negotiations began in November and a dispute was declared in mid-December. The Manpower Minister failed to appoint a conciliation board.

Mondi spokesman Alan Young said the company's offer would take the minimum wage up to R3,10 an hour, or R616 a month. He said the company has agreed to facilitate the strike ballots.



BUDDAY 23/1/87

**IN BRIEF**

**Mondi strike ballot favours union action**

**EARLY** results from the strike ballot at Mondri board mills show overwhelming support for strike action in support of union wage demands, according to figures supplied by the Paper, Wood and Allied Workers' Union (PWAU).

But industrial action is not a foregone conclusion as the union and the company are due to meet on Wednesday for further wage talks.

PWAU has demanded across-the-board increases of 70c an hour, while Mondri offers range from 50c to 65c.

CAR TIPS 27/11/87  
Delswa profit  
up by 150%  
RU 29

JOHANNESBURG  
Delswa has lifted after-tax profit more than 150%, from R189 000 to R510 000, in the six months to end-October compared with the same period last year.

Pre-tax profit is up at R975 000 (R363 000) compared with R1,3m for the whole 1985/86 financial year.

The interim dividend has accordingly been doubled from 10c to 20c a share. However, shareholders are warned it is unlikely that the total dividend for the year will show a similar rate of increase. — Sapa

# Da Gama surpasses' itself

BUS. DAY

12/2/87

LIZ ROUSE

TEXTILE company Da Gama has surpassed its turnover and earnings prospectus forecast by 7,4% and 16,7% respectively.

Adjusted earnings for the year to December were 39,2c a share, compared with the forecast of 33,6c, and turnover was R166,5m (R155m forecast).

As stated in the prospectus, a maiden dividend of 1,5c was declared out of earnings of the SA operations only.

Tootal in Ciskei was paid out R26,47m in dividends for two-and-a-half years before listing.

The ordinary dividend will take R753 000, so Da Gama has paid a total of R227,2m out of a distributable income of R36,1m.

In future, dividends will be paid out of profits of the SA and Ciskeian operations.

The dividend payment to Tootal attracted Ciskei withholding tax of 15%, reflected as an extraordinary item of R2,775m in the accounts. This amount is

in excess of the tax that would have been incurred if the company's stated policy of covering dividends 2,3 times by earnings had been applied.

At the normal tax level, South African-deferred tax amounted to almost R2,2m and Ciskei withholding tax to R934 000 on a net income of R23,9m.

The balance sheet was sound after the listing. Cash and bank balances were R12,2m at the end of 1986 (R13 000 at the end of 1985) and overdrafts and call borrowings decreased to R5,9m (R13,2m).

Da Gama is now a substantial textile company with total capital employed at R88,7m and total shareholders' funds at R75,86m.

Prospects are bright, says director Nic Pietersma. The East London plant and two Ciskeian plants are operating at full capacity to fulfill local demand.

Da Gama shares rose 10c to 345c yesterday, nearing their previous high of 350c.

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CAPE TIMES 14/2/87 186  
— Reuter

From page 15

The pyramid will only earn dividends from Seardel and any offer to the top company will be made to the bottom company as well, he says.

Commenting on Seardel's outstanding interim results, Searll says the group had been cruising along for four years with reduced profits, tight margins and a heavy interest burden. Now margins have improved which is reflected in the improved operating income.

Another factor is that stringent asset management is showing results as reflected in the interim figures.

It is quite clear that Seardel has weathered the economic storms of the past years, and has emerged lean and hungry.

Searll is cautiously optimistic about the future and believes that the economy — and with it, Seardel's longer-term prospects — should now start picking up, subject to political developments.

He was obviously a satisfied man this week when he stood before assembled business associates, colleagues and shareholders in the oak-panelled main hall at the group's stately headquarters, Monteray, to announce the interim results for the six months up to the end of December last year.

His delight in reading out stunning percentage increases was shared by all at the traditional cocktail party held to coincide with the announcement of Seardel results.

- Compared to the same interim period last year:
- Turnover is up 17,6% from R209,374m to R246,133m;
- Operating income is up 33,1% from R13,069m to R17,394m;
- Income before tax and extraordinary items is up 86,6% from R7,047m to R13,151m;
- Income after tax and before extraordinary items is up 83,7% from R5,010m to R9,205m;
- Earnings attributable to ordinary shareholders are up 154,1% from R3,148m to R7,998m.
- Net income is up 201,7% from R2,651m to R7,998m;
- Earnings per share are up 154,1% from 75c to 190c;

□ The ordinary dividend is up 150% from 8c to 20c. The dividend cover is 9,5 compared to 9,4 in the comparable period last year.

Searll even went so far as to take a stab at forecasting earnings of between 225c and 275c for the year ending June, 1987 compared to 84,1c last year.

This week's interim results should not really have come as too much of a surprise. The signs were there six months ago when, in August last year, the group announced its first major improvement in performance in five years with a 24,4% hike in after-tax income attributable to ordinary shareholders.

At the time, Searll said he expected even better things this year. He certainly appears to have been correct.

Who can blame Aaron Searll, chairman of Seardel Investment Corporation, for wanting to keep control of his company through the formation of a pyramid?

By CHRIS FREIMOND



# Seardel: Rippe for the plucking

CAPE TIMES 14/2/87 186

WHEN he announced spectacular interim results in Cape Town this week, he must have been the envy of businessmen everywhere. After four lean years the tide has turned and Seardel is obviously now ripe for the plucking. Raiders must be kept at bay.

Approval for the formation of the pyramid, to be called Seardel Consolidated Investment Holdings Limited, still has to be obtained from the Johannesburg Stock Exchange.

The pyramid will be constructed through a two-for-one share split and then a capital issue of one-for-one, which gives the effect of quadrupling shares on issue. Shares in both Seardel and the new pyramid will have equal par-

ity.

The formation of the pyramid company will ensure that Searll retains control of Seardel. He will hold 50,1% of the shares in the pyramid, which will in turn hold at least 50,1% of Seardel.

If the pyramid is not formed, Searll's share in Seardel will drop to an unacceptable 25% within three years when preference shares become convertible into ordinary shares.

Searll says he is not prepared to take the risk of losing control of his "fine company" and placing all the "wonderful people" who work for it at risk.

He says that as a group, all divisions in

Seardel performed well in the six month interim period and sales were up across the board.

Group secretary Arthur Jacobson says while Seardel is not currently aware of anyone intending a take-over bid, if control is not re-established, there are always predators about.

"With the shares trading at well below net asset value, we would be ripe for it, and so we decided to get on with forming the pyramid company. The major institutional shareholders are happy with the move," he says.

To page 16

Pyramid to be formed

15/2/87

# Sear del delivers top performance

By CHRIS CAIRNCROSS

THE Cape-based Sear del group has produced the best results in its history, with earnings for the six months to December 31 rocketing by a remarkable 154,1% from 75c a share to 190c a share.

Releasing the figures yesterday, a very pleased Aaron Searll, Sear del's chairman, maintained that second half results are likely to be as impressive — forecasting year-end earnings of between 225c and 275c a share, compared to the previous year's 84c

## Dividend boost

The results have enabled the group to boost the interim dividend by 150%, from 8c to 20c, while maintaining a dividend cover of 9,5

Sear del's massively improved fortunes are the result of

□ A 17,6% jump in turnover, from R209,3m recorded in the comparable period in 1985 to R246,1m last year,

which were accompanied by a sharp increase in margins,

□ A 33,1% reduction in finance charges, from R6m to R4,2m, which helped to boost pre-tax earnings by 86,6%, from R7m to R13,1m, and

□ A complete turnabout for 14 associated companies, including Sharp Electronics, Charmfit and Dubin, which translated an attributable loss of R348 000 into a profit of R216 000

## Pyramid listing

Searll announced yesterday that Sear del is to form a pyramid listed company, to be called Sear del Consolidated Investments, as a means of consolidating his control of the group and to forestall any threat of a predator attempting a takeover bid

Approval has already been obtained from the JSE and the formation of the pyramid will be accompanied by a one for one share split, effectively quadrupling the Sear del shares on issue

Searll said this would boost his control from a current 25% to 51%



INDUSTRY

ARKANS 17/2/87

# Clothing factories back on overtime

Business Editor

184 835

THE clothing industry is out of its worst recession and overtime has started again, says Mr Simon Jorum, chairman of the Clothing Industry Training Board, in his annual review

Employment levels are up but they are still short of 1985 levels.

Temporary import concessions have helped manufacturers to get fabrics in short supply from the local textile industry

New wage agreements mean that all labour not properly trained or utilised has become extremely expensive

"There still remains a shortage of skilled people at all levels from machinists to top management," he says. "A recession does not alter the need for training"

Clothing manufacturers must make time for training, he added. It was short-sighted not to release staff for training. There would always be a shortage of skilled workers and management and training was a scarce product



## Rag trade over worst

THE clothing industry is out of its worst recession and overtime has started again, says Simon Jocum, chairman of the Clothing Industry Training Board.

Employment levels are also up.

Temporary import concessions have helped manufacturers to get scarce fabrics in short supply from the local textile industry.

New wage agreements mean that all labour not properly trained or utilised has become extremely expensive, he says.

"There still remains a shortage of skilled people at all levels from machinists to top management," he says in his annual review. "A recession does not alter the need for training." Sapa.

SA BIAS HOLDINGS HAS acquired the option to buy up to 58,7% of the equity, or 2,65-million shares, of Dundee Industries, a previously financially troubled group, at 60c each from its controlling shareholders.

The option, which includes the right to buy 1,3-million convertible preference shares at 60c each, was struck at less than half of yesterday's JSE closing price of 125c.

SA Bias, the lead financier to Dundee, paid no remuneration for the option, which expires on January 13, 1988, but has made available a financing package.

SA Bias MD Chris Seabrooke denies that any pressure was placed on Dundee's controlling shareholders to grant the option on their shares at 60c each.

Seabrooke is seemingly exercising a fair degree of management control over Dundee.

At the same time Dundee says it will dispose of its current operations and that it has finalised a deal to acquire Houston Steel Merchants for R3m cash and 1,3-million shares at 60c each from a private consortium.

Dundee is to sell Tabak, a furniture manufacturer, and its property interests and is looking to list wholly-owned

# SA Bias to buy Dundee shares

24/2/87 (23) B/Daw 184

BRIAN ZLOTNICK

wholesale and retail motor spares distributor Jaqmar on the DCM.

The listing route, still to be decided, is expected to leave Dundee with no interest in Jaqmar.

Dundee's sole interest will then be Houston Steel Merchants which Seabrooke says will fit in snugly with SA Bias, which has steel interest through Merhold.

Hill Samuel, merchant bankers to the deal, says the acquisition of Houston will have the effect of reducing Dundee's net worth a share to 30c from 41c.

Dundee's directors say trading losses in the 10 months to December 1986 amounted to about R500 000 against a loss of R2,4m in the year to February 1986.

Seabrooke says the cleaning out exercise is not expected to reduce net worth a share and he is confident Dundee will trade profitably in 1987.

## SA BIAS BINDS PROFITS

Year to December 31	1985	1986
Pre-tax profit (Rm)	4.7	8.5
Attributable earnings (Rm)	4.1	6.4
Earnings (c)	23.9	37.0
Dividends (c)	6.8	11.0

which reduced SA Bias' net income before tax by some R1,4m last year

This is because Houston Steel, a company which Dundee had bought with effect from end-December, moved into the old Marathon Packaging property in Springs, which was unoccupied and costing SA Bias about R700 000 a year. The previous Houston Steel premises were unsuitable for a steel operation but perfect for SA Bias Binding Manufacturers.

SA Bias MD Christopher Seabrooke says operating losses will not recur in the group's income statement in 1987. It appears that elimination of these losses alone will help towards earnings growth of close to 30%, without improvements elsewhere in the income statement, so the forecast of 30% earnings growth looks conservative.

Seabrooke adds that SA Bias will only exercise the option to take a controlling interest in Dundee if it is capable of contributing to SA Bias' earnings. Dundee's return to profits will in turn depend on the success of restructuring efforts. SA Bias' option expires on January 13, 1988.

While Dundee previously comprised a number of fragmented operations, with the exception of Houston it now has only two interests — furniture manufacturer Tabak and motor spares distributor Jaqmar. While Tabak is only breaking even, Jaqmar is a profitable operation and is considered suitable for a listing on the DCM. Seabrooke says with the right management Tabak should be able to make between R1m and R1,5m in a year, and this operation will then probably be offered for sale.

Once rid of these interests, Dundee will source future growth from its steel operation, as Seabrooke says there may be room for other acquisitions in the steel business. "Once we've concluded those deals we won't just sit back with Houston Steel — there is going to be a bit of action there."

In addition to favourable effects of the Dundee deal, SA Bias is looking to subsidiary Merhold to lift earnings, although Merhold's growth is expected to be less spectacular than that of its parent. Merhold's earnings are forecast to grow by 15% annually for the next two years as the group bears the cost of moving from its traditional confirming house operations into trade banking and the secured asset lending market. Seabrooke says the group is in a conservative sector, and he is not keen to chase massive earnings increases when the group should be building its reserve base.

Merhold's operations in corporate investments and services are in a separate division, and the intention is to make equity investments in companies it helps onto the JSE. The first such investment was at end-December

when it bought 15% of Elangeni Oil and Cake Mills, which is applying for a DCM listing. A further four similar investments are under negotiation, and Seabrooke says two or three of these could go to the JSE in the next year. Merhold could make further acquisitions in its efforts to become a fully fledged financial and trading group.

Merhold is expected to be listed by end-June, when 5m ordinary shares will be offered by way of a rights issue to ordinary shareholders of SA Bias, while the "C" and "D" class preference shareholders will have the right to convert at the listing price. Four classes of Merhold prefs are listed.

The market reacted positively to news of SA Bias's latest deal and the share price moved up 10% from 445c to 485c on Tuesday — at the beginning of 1987 the share stood at about 275c.

Kerry Clarke

SA BIAS

### Spell-binding?

SA Bias joined the phalanx of industrial companies reporting substantially improved earnings, with the announcement of a 55% lift in earnings and a 62% increase in dividends for the year to end-December. Further good news for shareholders is that earnings are expected to grow strongly in 1987 as more rationalisation benefits surge through.

SA Bias also announced this week its purchase of the option to acquire control of engineering group Dundee Industries. The restructuring which SA Bias is helping Dundee to complete will boost Dundee's profits, and also help to eliminate operating losses



Business Report

*Cape Times 6/3/87*  
**Rex Trueform lifts income**

Financial Editor

A LOWER interest bill and tighter control of costs helped Rex Trueform Clothing Co to lift attributable income for the six months to December to R4,3m (R2,7m) and earnings to 106,1c (66,3c) a share



Although margins were under pressure in fiercely competitive conditions, operating income rose to R5,5m (R4,8m) and net income to R4,9m (R3,2m)

Long-term debt was reduced to R8,2m (R15,5m) and short-term debt to nil (R931 000)

The company was not liable for tax because of a substantial assessed loss brought forward from previous years

Turnover was 4% higher than in the first half of the last financial year

Chairman Stewart Shub said that in spite of stiff competition margins were slightly better than at this time last year

Activity in the export market was "satisfactory — we are quite comfortable with what we are doing

"We have found new markets and we are doing quite well"

The directors said in the announcement of their interim results that "the economy continues to show signs of stabilizing and there has been an increase in consumer activity over the past few months.

"Demand for our products is presently at an improved level and production capacity is well booked for the remainder of the financial year

"Provided, therefore, that the present economic trend is not disrupted, earnings for the current financial year should reflect a material improvement over the previous financial year"

# Porter



SEAN GARSTIN OAK ST. SOMERSET WEST TEL.(024)51 2535

Cape Times 6/3/87 (104)

## Consortium buys Sassoon for R1m

By JANE ARBOUS

RONALD SASSOON, a Cape Town-based clothing manufacturer and one of SA's most fashionable labels, was sold for R1m this week after its provisional liquidation

The 15-year-old company has been bought by a consortium headed by Cape Town businessman Eli Gottschalk. He said yesterday "I would hate to see the Sassoon name end. It's an exciting investment."

Sassoon is the latest in a spate of local liquidations and insolvencies this year, involving mainly small and medium-size companies. Also placed in provisional liquidation last week was women's fashion house Treasures, with debt of R1,4m.

### High cost of raw materials

Soon after a corporate restructure, Sassoon went into provisional judicial management on February 10 because of cash-flow problems, with the high cost of raw materials a major reason for difficulties

About 300 employees — three-quarters of its staff — were retrenched

Negotiations began immediately to dispose of the business. According to one of the provisional liquidators, Simon Gore of Sanec Cape, the deal was concluded at "a fair price in the circumstances"

Ronald Sassoon owned 76% of the equity, although he had not been actively involved in the running of the business for 18 months, while his brother's company, Alan Sassoon Investments, was the other shareholder.

PHONE WENDY: 208 4971

FEATURe

CAPE CLOTHING

**Apart at the seams**

For many years the Ronald Sassoon (RS) label on jeans' pockets has adorned SA's fashionable backsides. So the provisional liquidation last week of the high-profile high-fashion Cape Town-based clothing manufacturer dealt fashion trendies a serious blow.

RS has a bond with Repfin for R2,4m and originally went into judicial management on February 10 because of liquidity problems. However, although the high cost of raw materials is a major reason for the company's difficulties, market talk is that Sassoon's attention has been elsewhere. Plant in Mauritius or Israel is one rumour.

Although Ronald Sassoon has not been actively involved for the past 18 months in the company which bears his name, he does still own 76% of RS's issued share capital and remains a non-executive director. His brother's company, Alan Sassoon Investments, is the other shareholder.

Now negotiations are well under way with more than one interested party to dispose of the business. A deal is likely to be signed this week.

"There is absolutely no prospect of Repfin losing money through RS," says Stephen Gore, an RS provisional liquidator and a director of Sanec Cape. Another source maintains "The company is actually solvent, assets exceed liabilities and it has substantial outstanding orders."

Gore says the rag trade has held up reasonably well over the last year considering the economic circumstances. "But liquidations are definitely rising once again in the

Cape where there has been an increase in liquidations and insolvencies in the last few weeks."

Women's fashion house Treasures, also placed in liquidation last week with debt of R1,4m, is another Cape clothing trade casualty.

And Richard Wystyn's Newname clothing company, liquidated late last year with total liabilities of over R10m, was another. But Wystyn, who has been associated with a number of successes as well as failures, is making a characteristic comeback. He is currently making an offer for the restructured company and is back in business. ■

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184



CAPE TIMES 7/38  
184 209

# Ensign increases earnings by 35%

A JUMP of more than 40% in earnings a share, from 48c to 68c, and a total dividend lifted more than 35%, from 15c to 22c, are features of the annual results for the year to end-December released yesterday by Ensign Clothing

Turnover figures were not revealed but the percentage increases, which were, emerged as 9,6% last year and 15,9% the year before

Income before tax almost doubled to R821 718 (1985 R462 784), but tax, at R349 257 (R122 038) shaved after-tax attributable income to R450 261 (R318 546)

Borrowings were substantial at R1 737 129 (R1 896 333) but lower interest rates helped reduce interest paid from R221 488 to R132 032 — Sapa



Part of the crowd of job seekers at Bolton Hall in Durban yesterday.

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# Desperate wait for work

18/3/87 Labour Reporter

MORE than 300 women, mainly blacks, packed the Bolton Hall in Durban yesterday in a desperate bid to find jobs

Mr Frankie Hansa, general secretary of the Garment Workers' Industrial Union, which is helping them to find work, said several thousand workers in the clothing industry had lost their jobs during the past few years as factories had moved to decentralised areas

'Job prospects in the clothing industry are still very bleak, but we are trying our best to find jobs for as many people as possible'

He said the unemployed assembled at Bolton Hall at the union's office in Gale Street every Tuesday and Thursday for employers to telephone for labour

'On average we manage to place between 50 to 60 people in jobs, but on some days we do not receive a single call,' he said

Many women claimed that some employers gave preference to Indian and coloured workers. It was claimed some firms felt that black workers 'posed problems' because of their trade union links

Mr Hansa confirmed that the union had received complaints from blacks about preferential treatment given to Indians and coloureds in filling vacancies

'Once I received a call from an employer requesting Indian and coloured labour I got very angry and told him to send a ship to India if he wants Indian labour'

'It's time that employers stopped this racial discrimination,' he said

Mr Sadek Vahed, chairman of the Natal Clothing Manufacturers' Association, said he was not aware of any employer in the clothing industry discriminating against blacks

'My company has a number of clothing factories in Natal and 90% of our staff are blacks. Where is the discrimination?' he asked

184 B/Day/18/3/87

**STELLENBOSCH** — The clothing industry should campaign this year for lower prices, Simon Jocum, chairman of the Cape Clothing Manufacturers' Association, said yesterday.

He told the Menswear Group of South Africa congress at Stellenbosch pricing was the industry's biggest concern

Last year, raw material prices had risen about 22% and in 1987 by about 37%, notwithstanding the 20% appreciation of the rand in recent months. This had forced clothing prices to new highs.

## Rag trade airs griefs

The price of raw materials had not come down with the rise in the rand because of the continued shortage of fabric, locked-out imports and a captive market.

One solution Jocum offered was to continue protection, but to a lesser extent, by granting the industry a

protection advantage of 15%.

Once it had been established what a fair percentage of protection was, relative to a fixed rate of exchange, "you just turn the tap on or off and adjust it according to the rise or fall of the rand value on a six-monthly basis. Watch lead times. Watch price increases. Assume that a five-month full order book is enough for the textile industry."

If the industry did not get the variety demanded at reasonable prices, more manufacturers would go bust, Jocum said



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# Relief for Cape clothing factories as textile crisis eases

By TOM HOOD, Business Editor

THE textile crisis, which forced garment factories to retrench or go on short time last year, has eased dramatically.

Cape factories could not get supplies from local textile mills in under 10 months last year but lead times this year have dropped to five months with possibly a month or so for late deliveries

Textile manufacturers took advantage of the low rand, which sank to 38 US cents, to step up exports in the past two years, and this helped to create a local shortage

Clothing companies could not make up the shortfall with imported textiles because the weak rand, duties and import landing charges priced them out of the market.

But the effects of sanctions and lower earnings from exports because of the stronger rand have made forced textile companies to turn more to the local market again.

In addition, clothing manufactur-

ers can now afford to import to make up the shortfall because the Board of Trade and Industry reduced duties temporarily from 25 to 20percent import surcharge — concessions allowed until local supplies are readily available

"The fact that the rand is now 48 cents and (textile) duties have been reduced has eased the situation considerably," said Mr Simon Jocum, chairman of the Cape Clothing Manufacturers Association.

He warned that next year clothing prices ex-factory could go up by 25 percent — well above a possible 18 percent inflation rate — if the the present protection formula for imports is increased

From 1970 to 1984, clothing prices always increased well below consumer price index because imports kept local prices down.

"There was an element of competition from imports which did not exist from 1985 onwards," he said.

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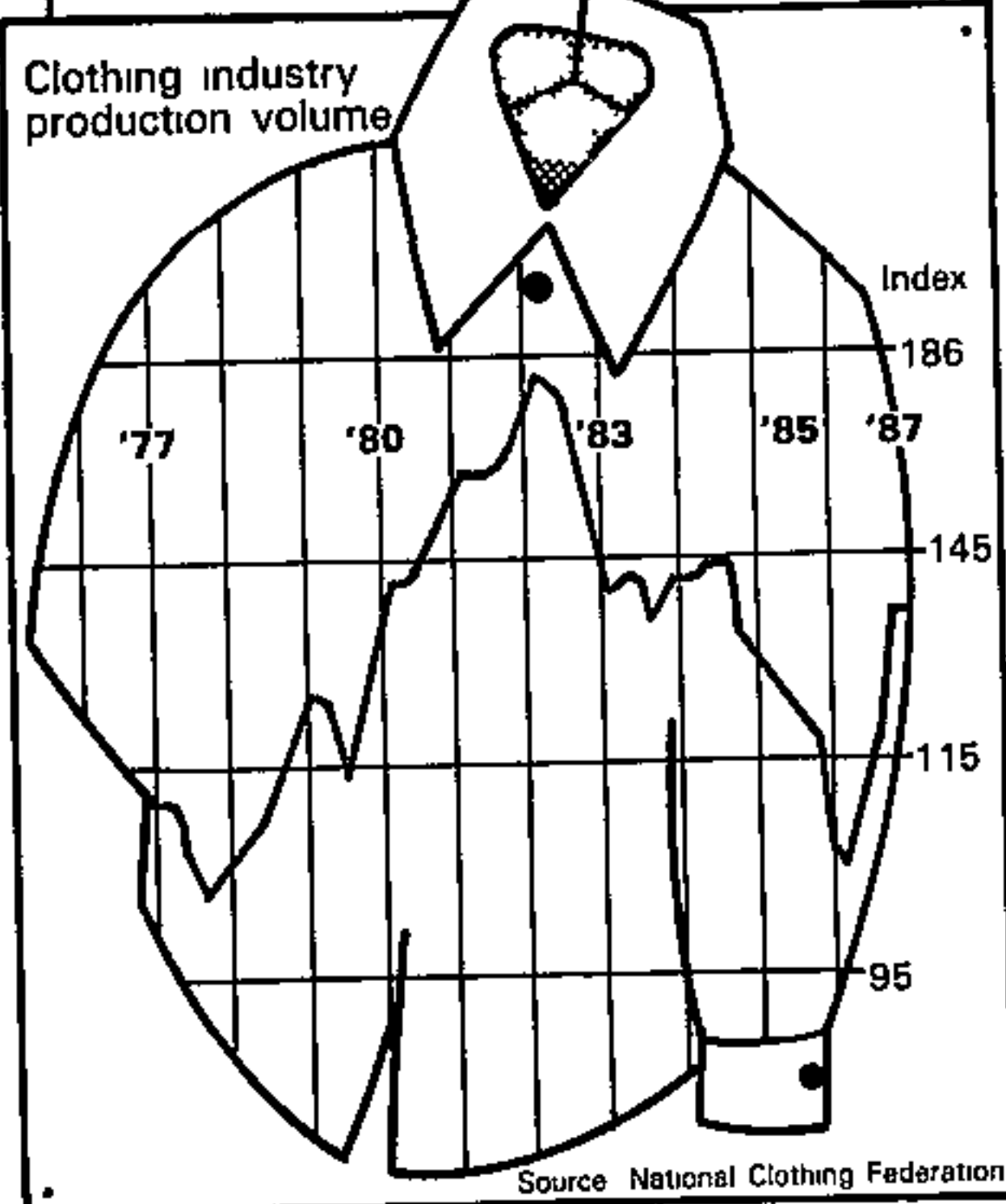
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## Sharply upwards



uptrend in one of SA's most labour-intensive industries.

The signs of recovery have been accompanied by healthy order books and a slight improvement (about 2%) in employment after the trade had hit an eight-year low at the beginning of last year.

The move out of the trough began last September — and by November volumes had soared 19% year-on-year

Hennie van Zyl, executive director of the National Clothing Federation (NCF), says there was "a substantial and sustained revival in the clothing industry's aggregate output level" last year. But it was still 5% lower than

in 1985

Lively Christmas buying boosted retailer morale and brought substantial forward orders, especially for men's clothing, which run from two to four months.

"My order book is fuller than it has been for the past 10 years," says Sadek Vahed, chief executive of one of the largest chain store suppliers, Kingsgate Clothing. The fact that the industry has contracted by some 20%, he says, could account for the extra business.

But while fortunes may be looking brighter on the demand side, the serious shortage and escalating cost of textiles is causing concern

The 5% reduction in duties in September last year helped reduce import costs and improve supply. But lead times of about five to six months still persist from local suppliers, says NCF president Mike Getz.

Further, fabric prices have risen by about 30% over the last six months, while prices of other inputs like packaging, threads and accessories have risen 30%-50% on a year-on-year basis. This trend, it is feared, could dampen the upsurge in consumer spending — and the sharply increased prices of the winter range will prove a test of its resilience.

Clearly sales volumes stand to suffer. Indeed, the signs are already there. Says SA Clothing chairman Abe Dubin: "We don't seem to be able to move those big units" ■

CLOTHING

K/M 27/3/87

## Good in patches

The outlook for the clothing industry continues to brighten, but warning lights are flashing. Mounting costs and fabric supply problems are threatening to scuttle the promising

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INDUSTRY

# Skilled workers shortage puts lid on clothing firms' output

By TOM HOOD, Business Editor

CLOTHING companies have "extreme difficulty" in recruiting enough machinists and managers and as a result a shortage of skilled labour is hampering production

About 44 percent of clothing manufacturers say they have not enough machinists, who form 59 percent of the labour employed, and another 13 percent say they can only get them with some difficulty

The industry employs 64 500 machinists and needs to take on 9 730 this year and 10 020 next year, estimates the National Clothing Federation

Average annual intake will be 10 170 in the next four years, the federation forecasts

Forty-three percent of companies report "extreme difficulty" in getting enough managers — 260 are needed — and another 19 percent have some difficulty in recruiting them

Countrywide, 3 200 are employed in managerial jobs, 3 percent of the labour force, and the average annual intake is 210

Scarcity of sewing machine mechanics is running at 37 percent, although 59 percent of companies say they have no recruitment difficulties.

These workers form only 1 percent of the labour force of 1 100 but 160

are needed

Difficulty in getting supervisors is also experienced by 30 percent of employers. The 3 300 employed forms 3 percent of the labour force and there are vacancies for 160. Average annual intake is 440

The federation's economist, Mr Hennie van Zyl, says business conditions in the clothing industry still appear to be improving after slumping to an eight-year low in 1986

A recent survey reported that bookings were satisfactory and higher than a year ago and some two to four months in advance.

Another survey showed 30 percent of manufacturers expected an improvement in general business conditions in the first quarter of 1987, while 59 percent saw no change and only 11 percent expected a deterioration

However, a serious shortage of fabric was four times worse than the No 2 problem area insufficient demand for products

Mr Mike Getz, president of the federation, said although the rand value of retail sales looked comparatively robust, the unit growth had been marginal or nil

Fabric costs had moved up through a range of 20 to 80 percent, averaging around 30 percent in six months

VEKA

## Cutting cloth

**Activities:** Manufacture of childrens' clothes  
**Control:** Wesco owns 30,7%, Federale Volksbeleggings 31,2% of equity

**Chairman:** D J du Preez, managing director A Oosthuizen

**Capital structure:** 28,9m ords of no par value Market capitalisation R12,4m

**Share market.** Price 43c 14% on earnings, PE ratio, 72 12-month high, 43c, low, 20c Trading volume last quarter, 8 875 000 shares

**Financial:** Year to December 31

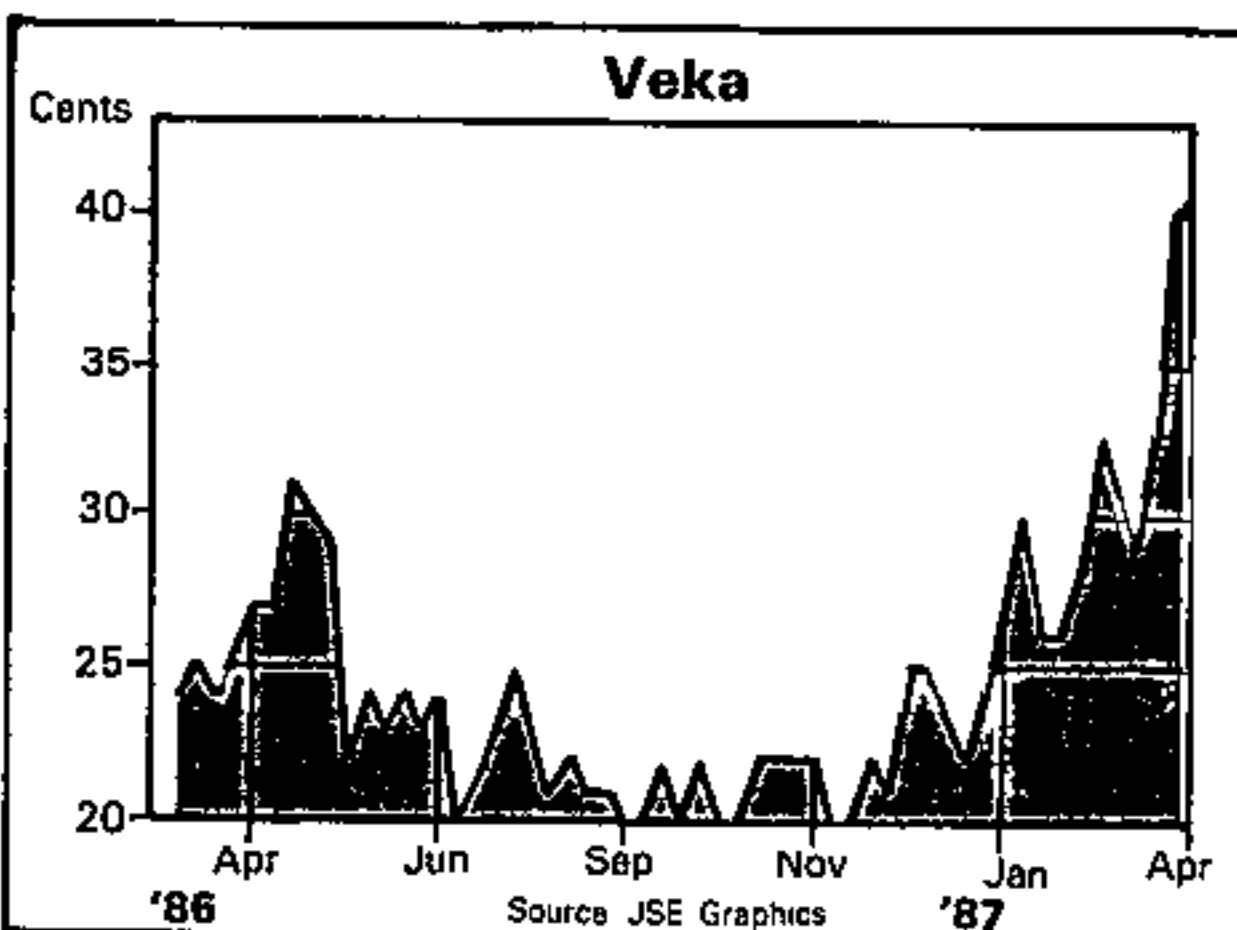
	'83	'84	'85	'86
Debt				
Short-term (Rm)	13,2	17,3	25,6	9,2
Long-term (Rm)	1,2	0,7	0,1	2,6
Debt equity ratio	1,16	2,67	6,94	1,65
Shareholders' interest	0,39	0,19	0,12	0,31
Int & leasing cover	0,5	—	0,5	1,1
Debt cover	—	—	—	0,01

**Performance:**

	'83	'84	'85	'86
Return on cap (%)	3,9	—	9,9	14,0
Turnover (Rm)	30,4	30,9	19,1	19,2
Pre-int profit (Rm)	1,2	(0,9)	3,2	3,2
Pre-int margin (%)	4,1	—	16,6	16,5
Taxed profit (Rm)	(1,2)	(6,2)	(3,0)	0,1
Earnings (c)	(13,2)	(58,0)	(28,6)	0,6
Net worth (c)	112	59	31	24

The company took several steps to improve its liquidity during the latter half of last year, and the balance sheet now looks healthier than it has done for some time. Sales of unlisted shares and property raised R8,8m, and a rights issue generated a further R3,9m. The result of these actions, and the successful negotiation of a R2,5m long-term loan, is that current liabilities have fallen to R12,8m (R28,3m), and are some R2,3m less than current assets.

The turnaround to a small taxed profit position — following three consecutive years of losses — was thanks to lower interest charges and a welcome absence of foreign exchange losses, which absorbed R2,9m of income in 1985. Although Veka's operating performance remained much the same as the previous year, with turnover only marginally



up at R19,2m (R19,1m), the company was able to hold its operating margin above 16%.

Because the additional cash was only available for part of the year, chairman Daantjie du Preez anticipates a further fall in the interest bill this year. Assuming rates remain low, interest charges can be expected

to fall dramatically, as interest-bearing debt has been slashed from R25,7m to R11,8m. This should substantially boost net income, and Du Preez confidently expects that the company will be able to pay off all dividend arrears to preference shareholders, which amounts to R57 000, and will possibly pay a small dividend on ordinary shares.

Production is now solely from the Newcastle plant, where the company is using some of its spare capacity, with a limited product-line aimed at the medium price-sector of the market. This, with an expected increase in schoolwear sales, suggests a moderate increase in turnover for 1987.

"We have noticed a definite strengthening in the market since the last quarter of last year," says Du Preez. "But with local mills unable to satisfy any major increase in demand, the Newcastle plant is expected to remain operating at about 50% of capacity for the remainder of the year, with any increase in demand being taken up by increased productivity." Although the stronger rand raises the possibility of using substitute imported cloth, Du Preez still prefers to consolidate on recent achievements.

Turnover might be affected by unrest-related problems in black residential areas (which occurred last year), but that risk has apparently lessened in recent months. At 43c, Veka's share price is more than double its 1986 low, and investors seem to be taking a much more positive view. The prospect of a small dividend, and improved long-term prospects for the company in the black consumer market, suggest the share may have further upward potential. *Dave Edwards*

## UNI HOLD

### Firm base

Unihold is one of the companies which has been through a traumatic period of rationalisation and succeeded in turning loss into profit. In January last year, it announced the sale of the Superite interests with effect from end-1985. This removed cash-draining operations and injected R10,2m. At the time we said the sale should provide the group with an opportunity to catch its breath and concentrate on operations rather than funding interest payments.

That is what happened. Borrowings were cut from R15m to R7m, and debt:equity more than halved to an acceptable 0,44. Lease charges dropped from R1,9m to R261 000, but, above all, interest payments fell from R4,4m to R2,6m.

With this breather and a positive cash flow of R3m, rather than the negative R3,4m of 1985, Unihold's profits moved into the black, reaching R1,8m pre-tax. Exclusion of discontinued operations shows how the group performed. Turnover increased 21% and operating income rose 8%, though margins were not squeezed as appears, the narrowing resulted from the accounting treatment of income from acquisitions.



## Unihold's Haslam ... moved to England

**Activities:** Holding company with interests in foundries, engineering, building and automotive industries

**Control:** Unihold Investments owns 51%

**Chairman:** J C Haslam, chief executive J W Butler

**Capital structure:** 23,9m ords of 50c each; 1,8m 9,5% and 0,2m 5,5% redeemable cumulative prefs of R1 each Market capitalisation R17,9m

**Share market:** Price 85c Yields 7,5% on earnings, PE ratio, 13,3, 12 month high, 85c, low, 40c Trading volume last quarter, 145 000 shares

**Financial:** Year to December 31

	'85	'86
Debt		
Short-term (Rm)	10,0	3,2
Long-term (Rm)	5,0	3,9
Debt equity ratio	0,90	0,44
Shareholders' interest	0,44	0,59
Int & leasing cover	—	1,61
Debt cover	—	0,46

**Performance**

	'85	'86
Return on cap (%)	—	12,6
Turnover (Rm)	74,3	55,1
Pre-int profit (Rm)	(2,3)	4,4
Pre-int margin (%)	—	7,9
Taxed profit (Rm)	(6,1)	1,7
Earnings (c)	(26,3)	6,4
Dividends (c)	—	—
Net worth (c)	39,7	47,5

## DATES TO REMEMBER

**Last day to register for dividends:**

**Friday Apr 24:** Anamint 960c; Boland 23c, Broadacres 5c; Confed 25c; Cullinan 12c, Gen Opt 9c, Ocman 4c, Prochem 2,5c, Propgroup 3c; Retco 1,5c, SA Reserve Bank R5,00, Spur 2c.

**Meetings:**

**Tuesday Apr 21:** Palamin (Sandton), Wit Nigel (Nigel)

**Wednesday Apr 22:** Cruhfe; Ellerine (Germiston), Laser (Cape Town); Macadams (S) (Salt River); Metair, Tedalex.

**Thursday Apr 23:** Coates (Cape Town)

**Friday Apr 24:** Amgold, Cadswep (Bedfordview), CFC (Durban), Gants (Strand)

All meetings are in Johannesburg unless otherwise stated

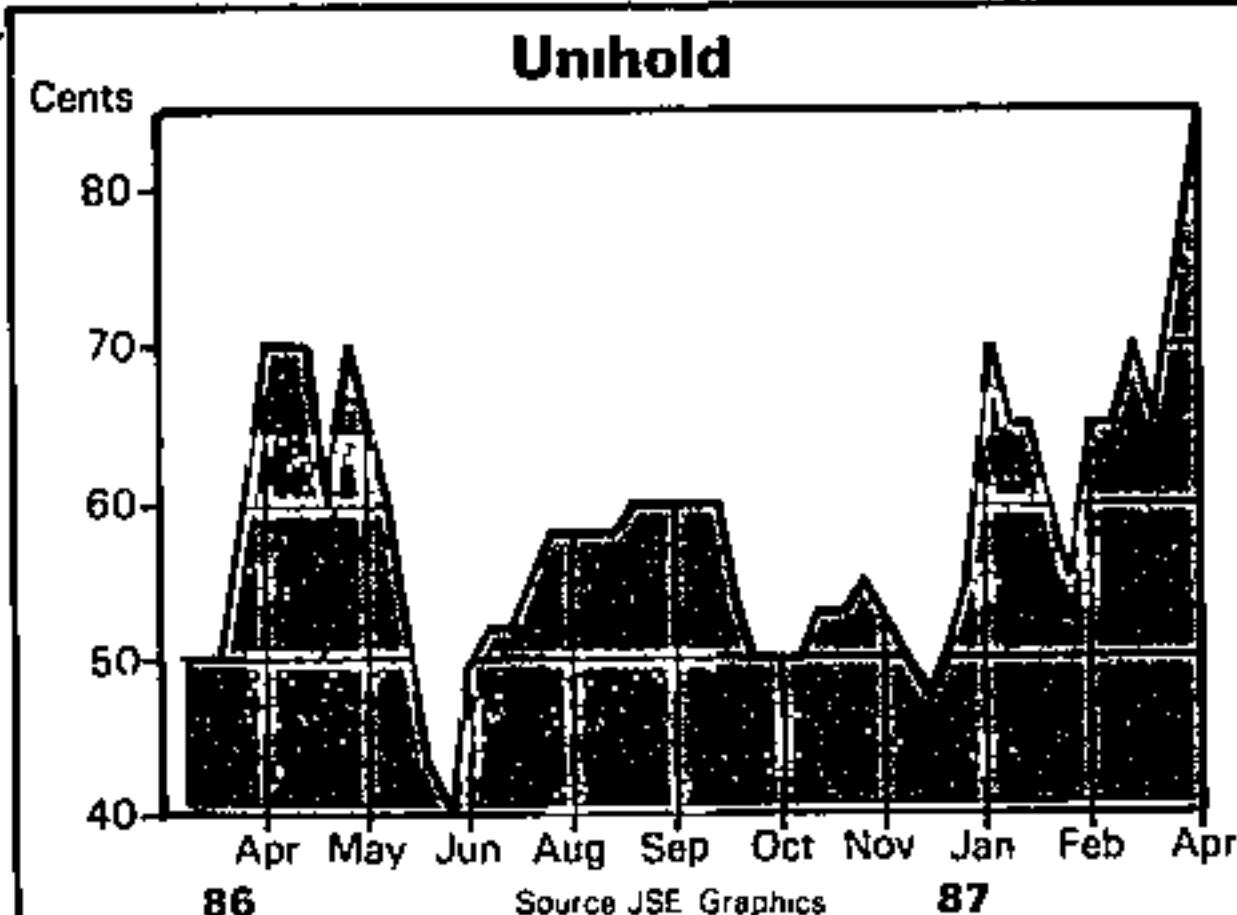
S = Special meeting



The foundry section's contribution improved, though problems were experienced in the commissioning of a new plant in Industrial Iron and Steel Competitor Chamdor Stainless Cast Products was acquired and merged with Unihold's alloy and stainless steel foundry

The lighting section of the engineering division, Barlite, merged with Zumtobel, providing the group with a European partner for this operation.

CE John Butler says that, after a difficult two years, the group has a firm base to strengthen the core businesses "We're not unhappy in terms of the order book for the foundries and there has been a slight resurgence of business in the building industry," he says. "But in the automotive industry, we live from month to month. In lighting, our success in 1987 will be based on our ability to



manage the merger We have decided not to allow one culture to dominate the other"

Rationalisation, says Butler, is almost complete Iron and Steel is due to be resited, and capital spending, expected to be about the same as in 1986 (R2.6m), should be funded from cash flow "We will concentrate on controlling costs and increasing producti-

vity," says Butler

Chairman and previous CE, Jimmy Haslam, has moved to England There have been rumours that he is about to sell his interest, but Butler denies this "It is a matter of us earning our stripes again and the share price must be a function of our performance," is his comment on suggestions of further acquisitions

Unihold is on an earnings yield below the sector average of 8.5%, after a rise in the price from 68c to 88c. Now it is a matter of waiting to see the stripes, but the performance in the second half, when operating profit from continuing operations leapt from the first half's R1.8m to R2.2m and earnings climbed from 1.9c to 4.5c, indicates the group could quite possibly double earnings this year On this basis, the share looks interesting

Pat Kenney

## ISSUES

COMPANY AND TERMS	Last day to register	NIL PAID LETTERS					FULLY PAID LETTERS OF ALLOTMENT					PRICES OF LETTERS			
		Listing begins	Issued	Listing closes	Last day for splits	Date offer closes	Listing begins	Issued	Listing closes	Last day for splits	Shares listed	Shares issued	Take up price	Price Apr 3	Price Apr 10
GANTS — Rights Issue 32 Drivetech ord shares for every 100 Gants ord and/or pref shares held at 85c per Drivetech share	15 5 87	18 5 87	22 5 87	10 6 87	11 6 87	12 6 87					11 6 87	26 6 87	85	—	—
SEARDEL — Cap Issue 1 new subdividend ord share for each ord share held 1 new subdividend pref share for each pref share held	30 4 87														

## RESULTS AND DIVIDENDS

		Pre-tax profit Rm		Percentage change	Earned Paid cents per share				Sector	Dividends		
		1985	1986		1985	1986	1985	1986		Amount cents	Register by	Payable about
Boland	D	—	—	—	—	—	38	40	Banks	†23.00	24 4 87	6 7 87
Clicks	I	7.4	9.5	+28	19	24	6.35	8	Retailers	—	—	—
Clickin	I	n/a	n/a	—	3	4	3	3.8	Retailers	—	—	—
Farm-Ag	P	5.1	7.1	+39	65	85	32	40	Chemicals	†28.00	5 6 87	19 6 87
Malbak	I	23.8	38.8	+63	◇17	◇22	5	7	Ind Hold	*7.00	30 4 87	15 5 87
Midas	P	3.5	5.5	+57	19	35	8	11	Retailers	†6.50	30 4 87	15 5 87
Spur	P	0.7	1.4	+100	3	6	—	3.5	Dev Capital	†2.00	24 4 87	11 5 87
Tej	I	(0.1)	0.4	—	(5)	15	—	—	Clothing	—	—	—
Vetrust	P	\$7.7	\$5.8	-25	13	10	12.6	9.5	Prop Trusts	†4.40	16 4 87	30 4 87
Wankie	P	Z17.7	Z21.5	+21	Z39	Z48	*5.16	*12.64	Coal	*†9.88	16 4 87	14 5 87
Welfit Oddy	I	(0.2)	(0.7)	—	(23)	(82)	—	—	Motor	—	—	—

D = Dividend † = Final I = Interim P = Preliminary \* = Interim dividend \$ = Net after tax Z = Zimbabwean currency • = Net after non-resident tax  
n/a = Not available ◇ = Earnings per share calculated on weighted average of issued shares

## FOREIGN BOURSES

	Apr 14 1986	Apr 6 1987	Apr 10 1987		Apr 14 1986	Apr 6 1987	Apr 10 1987
Amsterdam Industrial Index	255	264	267				
CAC Gen Index (Paris)	370	459	449	<b>NEW YORK</b>			
Commerzbank (Frankfurt)	2 244	1 871	1 796	ASA	37	62	69
Dow Jones Index (New York)	1 805	2 406	2 339	Bank of America	16	12	12
New Stock Exchange Index (Tokyo)	1 227	1 933	2 033	Exxon	56	90	90
Swiss Bank Corp Index (Zurich)	601	600	596	General Motors	84	82	86
Sydney & Melbourne Index	1 202	1 746	1 787	Homestake	23	34	38
UK Industrials (FT)	1 399.3	1 566	1 523.8	IBM	152	150	145
UK Government Securities	93.5	90.9	89.7				
UK Actuaries 750 shares	822.1	996.9	974.5	<b>UK</b>			
US Ind (Std & Poor)	263	349	340	British Telecom	252	252	245
<b>TOKYO</b>				Barclays	528	504	497
Toyota	1 360	1 560	1 460	GEC	196	200	197
<b>ZURICH</b>				Marks & Spencer	206	214	209
Credit Suisse	3 795	3 180	3 120	Standard Chartered	873	825	834
Swiss Bank	589	460	453	Rio Tinto	710	844	917
Union Bank	5 350	5 350	5 150				



cantly over the year as several competitors sold their machinery to overseas buyers

The increase in sales enabled Progress to reduce gearing, improve liquidity and increase stock turnover from 3,9 to 5,4 times. Stringent credit control helped cut the debt collection period from 94 to 82 days.

Despite these advances, and that the Progress share price, at 460c, is at a 12-month high, the share offers higher yields than the averages for the clothing and textile sector.

The sector's average dividend yield is 3,5% against Progress's 5,2%, while the average earnings yield is 6% compared with 13,8%. A possible dampener could be the industry forecast that demand in the third and fourth quarters will slow again.

Nonetheless, Jacobson's forecast that earnings will rise by more than the inflation rate during 1987 — I expect by about 18% — weighs in the company's favour. With order books for winter 1987 looking encouraging, Progress could be a good inflation hedge.

Christyn Ircton

**Activities.** Engaged in the manufacture of knitwear, clothing, textiles and knitted fabric

**Control:** The directors control 60,7% of the ordinary share capital

**Chairman** D Aronovsky, managing director  
C E P Jacobson

**Capital structure** 2,8m ords of 50c Market capitalisation R12,8m

**Share market.** Price 460c Yields 5,2% on dividend, 13,8% on earnings, PE ratio, 7,2, cover, 2,7 1983-1984 high, 460c, low, 70c Trading volume last quarter, 230 000 shares

**Financial** Year to December 31

	'83	'84	'85	'86
<b>Debt</b>				
Short-term (Rm)	—	0,3	1,9	0,17
Long-term (Rm)	2,9	4,1	3,6	3,8
Debt equity ratio	0,35	0,55	0,47	0,32
Shareholders interest	0,54	1,5	0,52	0,48
Int & leasing cover	3,9	1,5	0,67	5,3
Debt cover	0,55	0,2	0,06	0,90

**Performance**

	83	84	'85	'86
Return on cap (%)	13,2	5,2	1,6	14,5
Turnover (Rm)	20,3	20,0	19,6	31,6
Pre-int profit (Rm)	2,0	0,9	0,3	3,8
Pre-int margin (%)	9,8	4,5	1,8	13,9
Taxed profit (Rm)	1,1	0,4	(0,04)	1,8
Earnings (c)	38,1	15,0	(2,1)	63,8
Dividends (c)	19,0	7,0	—	24,0
Net worth (c)	283,5	282,8	404,0	443,9

Meanwhile, efforts will be directed towards meeting forward orders for the current year. Jacobson says order books are stronger than they were a year ago and in the first quarter sales were up 44%, although off a lower base.

This must come as good news to shareholders who were denied dividends during 1985 after the company had reported a loss of 2,1c a share. Nonetheless, a 61% increase in turnover in 1986 enabled it to return to the black with earnings of 63,8c a share.

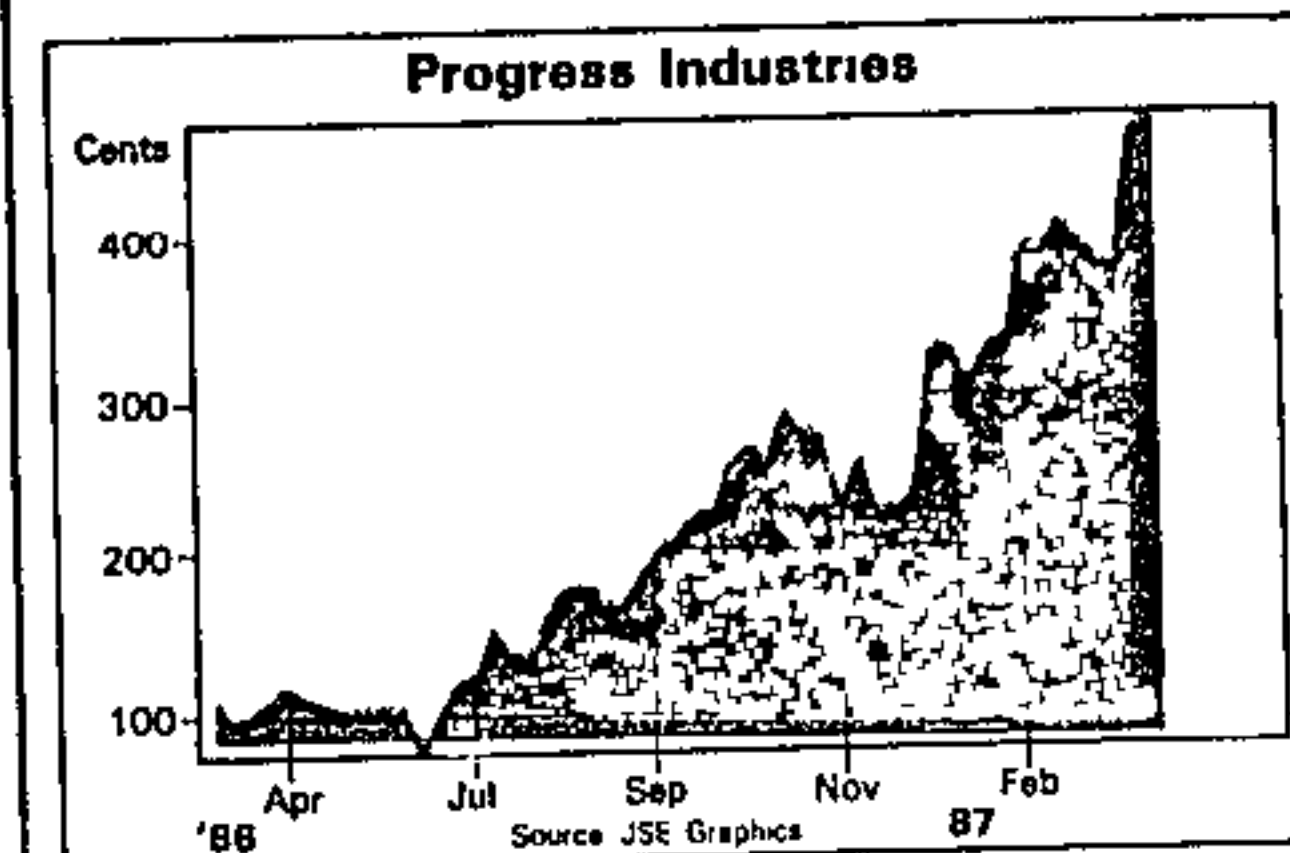
Progress's sharp improvement last year reflects a slight industry recovery, and, more importantly, a major improvement in the firm's utilisation of its manufacturing capacity, notably in its knitwear division. Jacobson says industry capacity, particularly for manufacture of sweaters, has shrunk signifi-

PROGRESS

## Making advances

Growing international resistance to "made in SA" labels on clothing is behind a plan by the Natal-based knitwear manufacturer to open an export manufacturing facility in Swaziland.

Exports from Swaziland are not only readily accepted in international markets, but are also duty free, says Progress CE Peter Jacobson. Although the Swazi government has agreed in principle to the development, Progress must await formal approval before proceeding with expansion plans.



8/11/87

SA BIAS

# Listings phase

184 FM 22/5/87

**Activities:** Manufactures clothing accessories and trimmings Divisions handle trade and working capital financing, commodity trading and corporate investment services

**Control:** C Seabrooke controls 51% of the equity

**Chairman** M N Newman, managing director C Seabrooke

**Capital structure.** 17,4m ords of 2,5c each Market capitalisation R115m

**Share market:** Price 650c Yields 1,7% on dividend, 5,7% on earnings, PE ratio, 17,6, cover, 3,4 12-month high, 650c, low, 160c Trading volume last quarter, 2,8m shares

**Financial.** Year to December 31

	'83	'84	'85	'86
Debt				
Short-term (Rm)	n/a	n/a	10,8	4,1
Long-term (Rm)	n/a	n/a	1,4	3,0
Debt equity ratio	0,43	0,54	0,47	0,25
Shareholders interest	0,62	0,52	0,58	0,65
Int & leasing cover	4,1	2,3	2,4	5,9
Debt cover	n/a	n/a	0,45	1,15

**Performance**

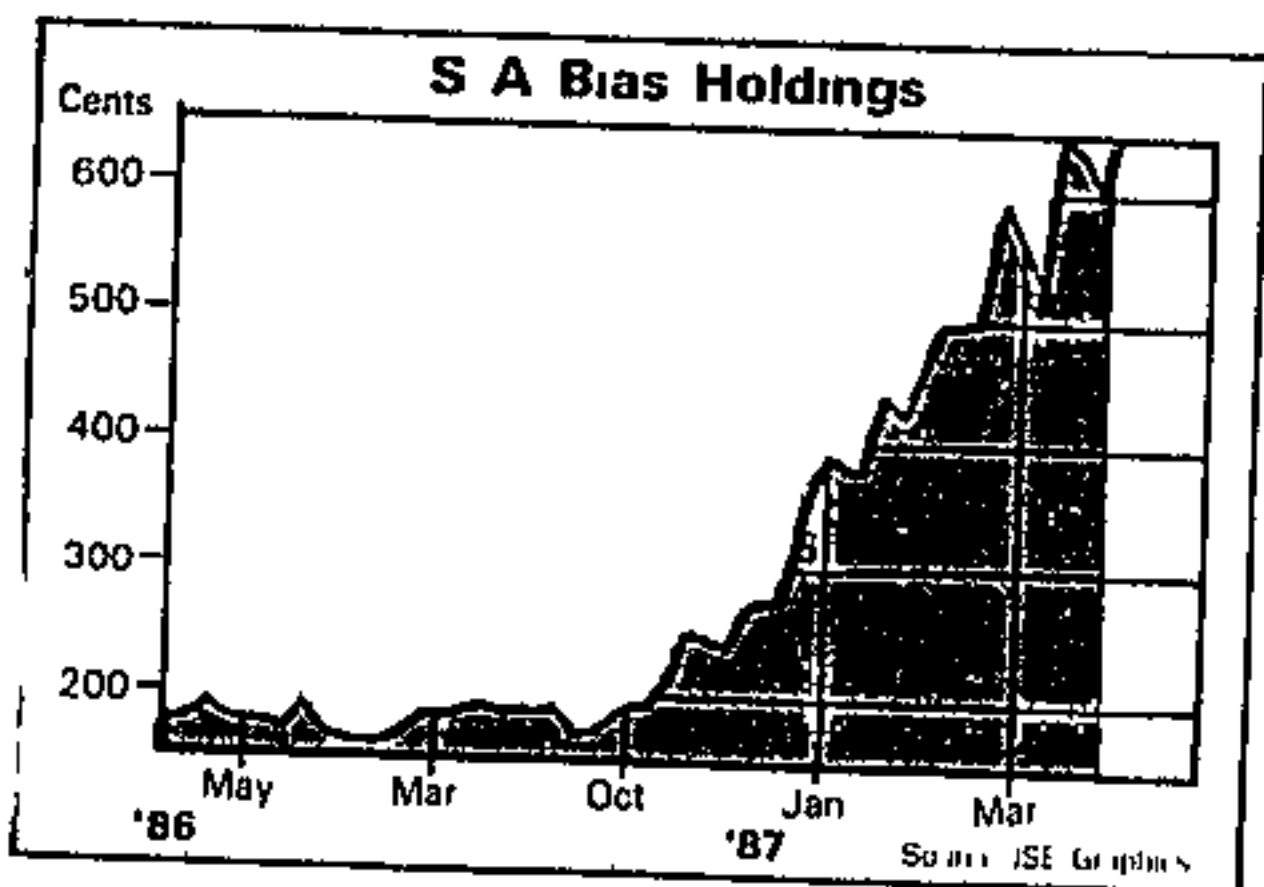
	'83	'84	'85	'86
Return on cap (%)	17	15	18	24
Pre-int profit (Rm)	n/a	n/a	8,1	10,3
Taxed profit (Rm)	3,2	3,9	4,2	6,4
Earnings (c)	18,9*	21,5*	23,9*	37,0
Dividends (c)	5,6*	6,2*	6,8*	11,0
Net worth (c)	113,8*	130,2*	147,8*	163,2

\* Adjusted for share split in June 1986  
n/a not available

With so much planned for the current year, the group's results for the year to end-December already seem out of focus. They were, nonetheless, noteworthy, with profit up by 52% to R6,4m after an increase in the contribution from both SA Bias Binding Manufacturers, and trade and finance division Merhold. A 5:1 share split last June generated renewed interest in the share, and the price has more than tripled since October.

At year-end liquidity had improved thanks to better asset management and the repayment of R5,1m debt. Gearing dropped to 25% from 47% in the previous year and to cap the performance, dividends were raised by 62% to 11c a share (6,8c).

Meanwhile, attention has switched to the



SA Bias' Seabrooke . . . listings and acquisitions

listings and acquisitions planned by MD and major shareholder Christopher Seabrooke. First up is the July 3 listing — through a rights offer to SA Bias — of Merhold's ordinary shares. Although Merhold's two classes of preference shares are quoted, its 16m ordinary shares, held by SA Bias, have yet to appear on the boards.

In August comes the listing — also through a rights offer — of SA Bias's pyramid company, Sabvest. SA Bias originally planned to list its controlling company, Circolo, but Seabrooke says this didn't turn out to be practical, hence the Sabvest route.

Slightly longer-term is the proposed 1988 listing of SA Bias Binding. "I find investors have a better view of the company if its divisions are listed separately," explains Seabrooke. "The wider disclosure achieved by separate listings highlights the strengths and weaknesses of the division and as a result leads to a better rating of the shares."

For Merhold, the main reason for the listing of its ordinary shares is to raise funds, and to have the capacity to issue scrip for two sizeable acquisitions currently being negotiated. "We have missed a number of opportunities in the last year because we did not have the paper to make the acquisitions," admits Seabrooke.

The R5m rights offer, with conversion of cumulative prefs, will reduce SA Bias's holding to around 80%. Although the exchange terms for the prefs will only be determined once the listing price is announced, the company's post-listing market capitalisation is likely to be around R45m.

One company that could be taken into the SA Bias fold early next year is beleaguered engineering group Dundee, on which SA Bias has a 12-month purchase option. While no decision has yet been taken, it seems likely that Seabrooke will hold out until the last moment. What is more, he's only interested in Dundee's steel manufacturer, Houston Steel, which — in a move that will save SA Bias around R600 000 a year — has already been housed in the group's once vacant Marathon Packaging warehouse. Dundee's motor spares division is to be listed on the DCM, while its furniture division has already been sold.

On the whole, the changes make it difficult to assess the group's future earnings. Seabrooke has stated that SA Bias's earnings will be up by at least 30%, while conservative growth of 15% is predicted for Merhold. With the group's industrial division free of operational losses — through the sale of unprofitable companies — and exciting acquisitions in store for Merhold, both forecasts should be surpassed. The market has already endorsed this opinion by giving the share a high rating. High expectations are evidently being based on the assumption that Seabrooke will maintain the recently dynamic performance.

Cherilyn Ircton



# Teljoy switches them on

189  
CHERYLYN IRETON

ALTHOUGH the share offers by Teljoy Holdings were hugely over-subscribed, there's a slight chance all rental subscribers who applied for shares will get a stake.

Teljoy chairman Theo Rutstein is to ask the JSE today for permission to allocate 34 700 of his personal shares — in blocks of 50 — to each of the 694 rental subscribers who would otherwise receive no shares.

Allocation figures published in today's Business Day show 6 694 applications were received for the rental offer, an over-subscription of 5.4 times. Six thousand of the applicants will each receive 100 ordinary shares, with the remaining 694 — determined by ballot — theoretically receiving no shares.

Should he get clearance from the JSE, Rutstein intends to "satisfy the requirements of any of the 694 subscribers who might want to take 50 shares from my personal holding".

The offer to the general public was 136.2 times subscribed.

Those who applied for more than 13 600 shares will receive only 0.73% of the total number sought, rounded off to the nearest 100.

Smaller subscribers will be less fortunate.

The private placing of 4 million shares was fully subscribed.

Teljoy will be listed on June 24. The shares — issued at 170c — are expected to open at about R3 each.



# Clothing, footwear, textile industry expecting a boom

574 19/6/87 (184) (187) (197)

Finance Staff

DURBAN — Retail sales for the clothing, footwear and textile industry this year are likely to grow to R7 billion (from R5,7 billion), SA Breweries director Ronnie Cohen said at a textile conference in Durban yesterday.

Mr Cohen said he believed spending would increase because of factors like low interest rates, an increase in disposable income, continuing stability, a healthy balance of payments, increasing gold price, more industrial and consumer confidence and an improvement in agriculture.

"The results of certain retail companies tend to point to the upturn being in full swing — one can hardly argue with the improvement in profits emanating from Edgars, Foschini, Score, Pick 'n Pay, Amrel, World and Ellerin."

These results, however, were largely achieved as a result of lower interest rates and an improved social environment.

"True pent-up spending still remains partially unleashed,

particularly for semi-durable merchandise"

The retail sector, however, had to look to the burgeoning spending of black consumers to realise where growth really lay

Black customers were the future of the retail industry — and unless retailers realised this the economy would come to a halt, Mr Cohen said

It was very important for retailers to correctly position themselves to the market and the "lifestyle" He believed no store group had repositioned itself as well on the "lifestyle" than Edgars

From small stores with low stocking, they had become the dominant major retailer in almost every SA city "through insight and guts in securing the right location"

Then Edgars had followed by widening the merchandising range, an explosion in footwear, children's wear and other areas.

Mr Cohen said there had been a lot of talk of off-price retailing coming to SA. There were a few obviously successful off-price retailers and factories in Cape Town.

However there were three major reasons they would never really succeed in SA — lack of major brand awareness, lack of suitable strip shopping sites and the retailers' (chains) dominance with manufacturers

He said the chain stores' strength of advertising helped them to gain market share

"Our retailers are world class, and the industry is already very competitive. The more chains advertise and create customer awareness, the better for the industry as a whole"

"Off-price in America has become fuzzy. Speciality stores have affected them, as have rising costs as they move up-market"

More importantly, local chains and particularly department stores had become far more competitive and won black market share, Mr Cohen said

Only in footwear did off-price stores control 30 percent of the market. But speciality stores were currently gaining market share

# Brighter colour for SA clothing, textiles

A ROSY picture for the rest of the decade is forecast for South Africa's textile and clothing industry.

A study, *Textiles in Africa*, compiled by Johannesburg economist and marketing consultant Arnold Werbeloff and several textile researchers, says manufacturers will benefit from the current economic recovery and increased cotton and wool production.

They believe there are plenty of opportunities for enterprising entrepreneurs.

## Black spending

Among the favourable conditions listed in the 190-page report are:

- A record cotton crop that could amount to 70 000 tons and may not require lint imports to meet spinners' requirements.
- Continuation of the wool export boom, fuelled by strong European demand for high-fashion garments, reduction of the Australian stockpile, and new spinning techniques for the stronger SA wools of 18 to 22 microns
- A steady rand, removing competition from foreign textiles for the time being.
- Increased black spending, even though it might be hampered by unem-

By Udo Rypstra

ployment and consumer boycotts

- Computerisation, which is leading to increased efficiency
- The stimulation of hundreds of knitting and sewing clubs by the Small Business Development Corporation
- Continued foreign investment incentives offered by SA and the homelands

## Import limits

The report says the textile and clothing industry has matured into one of the largest and most vertically integrated in Africa. Most SA needs are now met by domestic production, limiting the opportunity for imports.

Although the industry's growth has been accompanied by protection and subsidisation, a greater awareness of export opportunities, stimulated by the rand's depreciation, has led to some success in selling abroad previously non-competitive products.

The report says "Another effect of the low rand has been to render exports prohibitively expensive in the short run, although ultimately local inflation is likely to overshadow this advantage."

The report estimates that about 30% of SA clothing exports came from Cis-

keian factories, but hundreds of millions of rands were lost after closing of the US market last year.

"Many affected firms have since found substitute markets, especially in

Europe, but there have been cases of undercutting of local clothing manufacturers by Taiwanese clothing suppliers located in the Ciskei. This has led to a vigorous and continuing debate as to whether their low garment prices were the result of higher productivity and larger economies of scale or unfair competition/dumping by subsidised factories."

## Main producer

The report warns that beyond the current growth phase, prospects will be determined chiefly by the ability of SA textile and clothing entrepreneurs to adapt to an increasingly uncertain trading environment.

Egypt continues to dominate the African cotton and cotton-textile sectors, and South Africa is the main wool, wool textile and clothing producer.

Several references are made to the growing Mauritian, Moroccan and Tunisian industries and the heavy investments and orders they attract from America and Europe.

# SA clothiers feel the winter chill

From KAY TURVEY

**JOHANNESBURG.** — Clothing retailers are buying turnover with discounts and substantial increases in manufacturers' prices are not being passed on by retailers, who have shown a corresponding tendency to mark-down goods.

The late arrival of the cold weather has further slowed stock turnover and heavy, winter clearances are anticipated.

Ockie Stuart of Stellenbosch Universtiy's Bureau for Economic Research says: "Manufacture in consumer goods is stepping up and the tempo is certainly livelier than in other areas".

Foschini MD Hugh Mathew says retail prices have not increased by the same amount as the value of manufacturers production. He says although order values are up considerably, the number of units are much the same as last year depending on assortments.

He said the unit selling price of goods had increased substantially over the last three seasons as the result of inflation, but unless sales increased at more than 16% at full mark-up there could be no real growth.

"I believe it is a good a time as any to go for growth, overdrafts are low, so we are putting in stock to see if the growth everyone is talking about is really out there," he said.

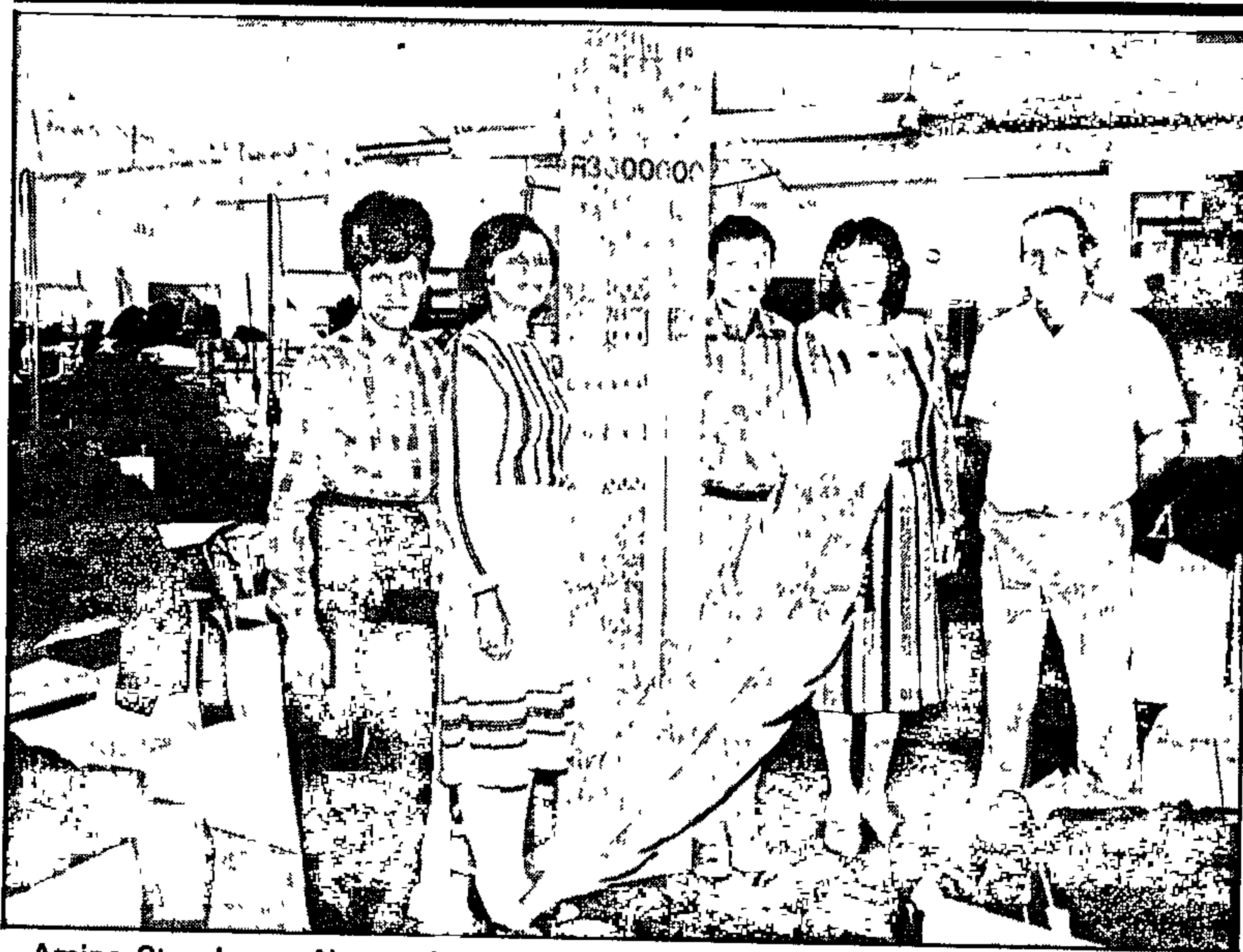
Garlicks marketing director Noel Boyce said trading had become tough in the past 12 months, "with plenty of strategy bullets flying".

Discounts or incentives always ensured sales growth under any conditions, but had now become a definite element in the marketing mix, adding to turnover but hurting profitability.

He said levels of inventories would remain much the same as last year.

John Orrs' joint MD Stewart Cohen said there had been no real growth over the past three years.





Amina Steenkamp, Norma Arendse, Charlie Coert, Vera Lucas and factory manager Keith Kyte of Copperfield Knitwear are among Cape clothing workers who support the Community Chest, which raises money to help local welfare organizations.

# GWU CAPE TOWN 6/18/77 gives to Chest 180

Finance Staff

THE clothing industry is the largest single employer in Cape Town and the thousands who work in it are among the most generous supporters of the Community Chest.

Now, to take much of the hassle out of sending contributions, the Garment Workers' Union and employers have agreed that voluntary deductions — stoppable at any time — may be made from pay packets and sent directly to the Chest.

Pointing out that the clothing industry employs more than 50 000 people in the Cape, Robert Blake, executive director of the Chest, said that even 5c a week from each would total R65 000 a year.

INDUSTRY

Ms 7/767

184/100

# Board of Trade investigates clothing and textile industries

By TOM HOOD, Business Editor

TARIFF protection enjoyed by the clothing and textile industries are to come under the spotlight of a Board of Trade and Industry investigation.

The board's annual report discloses that it is examining the development potential of these industries and the tariff structure established to protect them.

The investigation is to be completed this year

Clothing manufacturers were allowed in May last year to import certain yarns and woven and knitted fabrics with a rebate of duty to compensate for shortages of fabrics.

The report says that in the economic recession local textile manufacturers came under pressure to export part of their excess production capacity.

"As a result of export contracts entered into, the textile industry experienced problems in meeting an increased domestic demand for woven and knitted fabrics."

The board says the import under rebate of duty of yarns and woven and knitted fabrics not obtainable locally in sufficient quantities was justified, provided the importation was controlled by the issue of permits.

Within a month, however, clothing firms had taken up the quantities allowed by permit and ap-

plications still continued to be made, on the grounds of insufficiency of local supply.

Inquiries by the board disclosed that the main reason for the shortage was the decline in the import of woven and knitted fabrics in 1985 as a result of the fall in the value of the rand. "The export of yarns and fabrics was not the decisive factor."

Referring to complaints about allocation of permits, the board says permit holders were placed in a stronger competitive position than their competitors who had not received a permit.

The textile industry also objected that the permit system weakened its tariff protection and undermined confidence to make investments.

## OTHER INVESTIGATIONS

Two other investigations by the board are to be completed this year.

It is also examining fluctuations in exchange rates and their influence on the protection policy and on industrial development in general, with special reference to the role of gold.

The third investigation concerns the possibility of concluding trade agreements with selected countries as well as the broadening of existing trade agreements.

## Clothing industry prospects are not so rosy

CAPE TOWN — Business conditions in the clothing industry were not as rosy as expected, National Clothing Federation director Hennie van Zyl said. *14/7/87*

He said the federation was "somewhat over-optimistic" in its previous fore-

casts and reports indicated a sharp decline in the industry's output from December 1986 to March this year. *(186)*

As well, the growth rate of the clothing industry for 1986 was minus 5% over 1985 which, in turn, was 14% below the 1984 level.



B/Oley 14/1/87 (184)

# Clothing concerns dodge sanctions

SA CLOTHING manufacturers are increasingly moving off-shore to Mauritius to dodge sanctions and boost exports

SA manufacturers already represent 10% of factories in Mauritius and this figure is expected to rise significantly as sanctions pressure increases

Of the 420 foreign factories in Mauritius, about 40 are SA operations, most involved in textiles, clothing and footwear, said Mauritian trade representative Jean-Michel de Senneville.

National Clothing Manufacturers Federation vice-president Terence Kinnear

KAY TURVEY

said many of the main exporters who had operated from the homelands had moved to Mauritius, Tahiti, Lesotho, Swaziland or Botswana because US country of origin requirements had closed the market to SA-manufactured clothing

Mauritius is a member of the EC in terms of the Lome Convention, which gives it access to the European market

The country is particularly attractive for the labour-intensive clothing industry. With workers each being paid R24 a

week, wages are about four times less than in SA and the homelands Working hours are also longer

Textile Manufacturers Federation executive director Stanley Schlagman said Mauritius had no duty on imported fabrics So manufacturers could source raw materials from SA

To promote foreign investment, corporate tax in Mauritius is 15% There is no tax on dividends, which can be repatriated in full, De Senneville said.

● See Page 2



CAPE TIMES 21/7/87 (154)

## Soft shoe shuffle from sanctions

# SA clothiers take Mauritian option

Finance Staff

JOHANNESBURG — SA clothing manufacturers are increasingly moving off-shore to Mauritius to dodge sanctions and develop their export market

Already SA manufacturers represent 10% of factories in Mauritius, a figure likely to rise significantly as the pressure of sanctions increases

Of the 420 foreign factories in Mauritius, about 40 are South African operations mainly involved in textiles, clothing and footwear, the Mauritian trade representative in SA, Jean-Michel de Senneville, says

National Clothing Manufacturers Federation vice-president Terence Kinnear says there has been growing interest in the industry to run a tandem operation in Mauritius to maintain growth potential locally and abroad

Mauritius is a member of the European Community in terms of the LOME Convention, which gives it ac-

cess to the European market

Kinnear said many of the main exporters which had operated from the homelands had moved to Mauritius, Lesotho, Swaziland and Botswana, as in the US, country of origin requirements had closed the market to SA-manufactured clothing

Mauritius is a particularly attractive destination for the labour-intensive clothing industry as wages at R24 a week are about four times less than in SA and the homelands. Working hours are also longer, bringing down unit costs in relation to overheads

Stanley Schlagman, executive director of the Textile Manufacturers Federation, said a further advantage to clothing manufacturers moving to Mauritius was they could still source their raw materials from SA as there was no duty on imported fabrics

To promote foreign investment, corporate tax in Mauritius is 15%. There is no tax on dividends, which can be repatriated in full, De Senneville said



# Rage trade shows urged

(184)

B. Dav. 22/7/87

THEO RAWANA

THE clothing industry could never capture the market in black townships unless retailers and manufacturers went there and promoted their products through fashion shows, Creative Marketing Enterprises chairman Nkosana Ndaba said yesterday.

Speaking at a seminar on "Marketing in black townships today" in Johannesburg, Ndaba said fashion shows were the biggest social gatherings in townships and could be the spark needed in any marketing campaign.

Saying publicity went hand-in-hand with huge profits, Ndaba added "The

halls, cinemas, night clubs and licensed shebeens are colourful and decent target areas where fashion shows can be staged without extra entertainment."

Through these shows, he said, companies could get to the people — especially those who worked in the townships and had little time to window-shop.

The clothing industry was recently reported to be going through a lean time, with retailers buying turnover with discounts and not passing on substantial increases in manufacturers' prices.

26/7/87 (184) 51

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# Clothing stirs as more seek listing

By Ian Smith

**LIFE is returning to the clothing, footwear and textile sector of the Johannesburg Stock Exchange's main board.**

A series of planned listings and some improvement in the performance of many companies in the sector, which has languished in recent years, is attracting new interest from investors.

The latest company to announce its move to the JSE is Transvaal Clothing Industries, one of South Africa's most aggressive women's clothing manufacturers.

Traclo aims to raise about R3-million by a private and preferential placing and the listing is scheduled for mid-September. The number of shares to be issued and the price should be known early next month.

Managing director Ronnie Fivelman says the cash will be used to enlarge Traclo's capital base and expand operations.

"The directors have funded Traclo's growth in the past, but with the recent



**Ronnie Fivelman . . . bad times behind us**

growth of the company and the opportunities this is no longer possible.

"The clothing industry has come through a difficult time, but it is now poised for good growth. We have highly efficient computerised production facilities, experienced and skilled staff, an established customer base

and exciting ideas for the future. We did not want to limit our growth because of capital restraints."

The 30-year old company was given new direction when Mr Fivelman took the helm in 1979 with financial and administrative director Werner Rauner. They were joined in 1980 by production director Mike Destombes.

In the five years to last April — a time in which more than one clothing giant collapsed — Traclo doubled its turnover and more than doubled taxed profits.

Mr Fivelman says "One of the most exciting opportunities for us is the growing demand for our products from beyond our traditional customer base, the major chains.

"We are now committed to supplying garments to boutiques and fashion houses. This market, which represents 50% of the South African women's clothing market, is traditionally high-margin business.

"Expansion in this area, where there is ready acceptance of our products, should enhance the group's earnings. It adds a new dimension and profit potential to the business."

**DELSWA**

**Conservative cut**

**Activities:** Holding company with subsidiaries which manufacture women's and children's outerwear, woman's and girls' knitwear, sportswear, schoolwear and boys' wear

**Control:** Directors and family hold over 50% of issued shares

**Chairman:** S L Jaff, managing director S H Jaff

**Capital structure:** 693,000 ords of 50c each Market capitalisation R8,7m

**Share market:** Price 1250c Yields 7,2% on dividend, 21,5% on earnings, PE ratio, 4,6, cover, 9 0 12-month high, 1 250c, low, 525c Trading volume last quarter, 5 000 shares

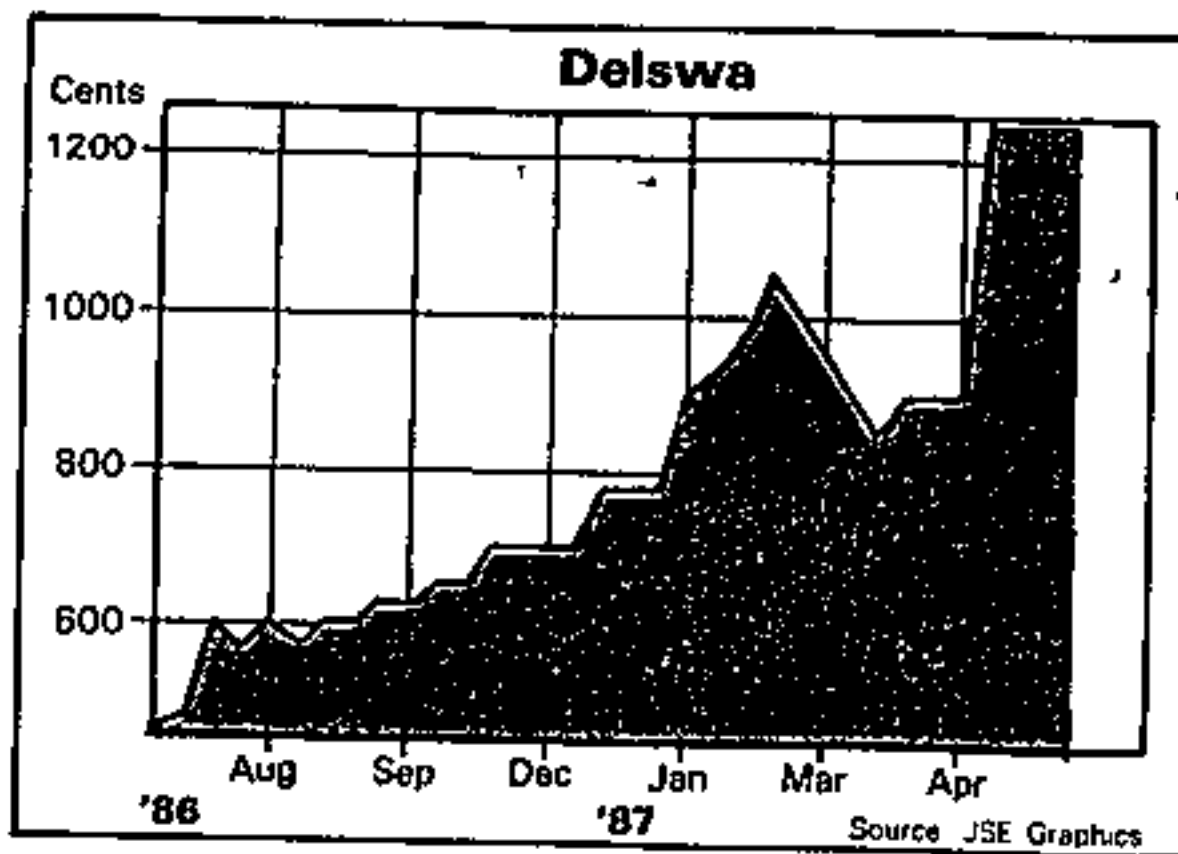
**Financial Year to April 30**

	'84	'85	'86	'87
<b>Debt</b>				
Short-term (Rm)	1,1	2,5	4,0	5,7
Long-term (Rm)	0,9	0,9	0,7	0,4
Debt equity ratio	0,23	0,39	0,45	0,63
Shareholders' interest	0,56	0,58	0,54	0,48
Int & leasing cover	6,9	2,5	2,8	6,3
Debt cover	0,7	0,3	1,7	4,5
<b>Performance</b>				
Return on cap (%)	13,9	11,0	—	21,2
Turnover Index	108	116	117	154
Pre-int profit (Rm)	2,1	1,7	2,0	4,3
Taxed profit (Rm)	1,0	0,5	0,8	1,9
Earnings (c)	147	76	114	269
Dividends (c)	70,0	37,5	50	90
Net worth (c)	1210	1238	1319	1495

**Long-established** clothing manufacturer Delswa produced unexpectedly good final results at its April year end. The share price has doubled since September, currently standing at a record 1 250c. Even at this level, though, the share offers a 7,2% dividend yield and looks attractive when compared with the 3,2% sector average.

Reasons for this apparent undervaluation are difficult to establish, although, with less than 700 000 shares on issue, the share is obviously thinly traded. In the 1987 year earnings a share leapt 137% to 269c on a 32% increase in turnover. The board declared a record 90c annual dividend, 80% up on the previous year's 50c. Management expect to do at least as well as this in 1988.

Perhaps the company's conservative image and family management have been an inhibiting factor. Although the factories at



Kimberley and Kroonstad, established in 1947, demonstrate an early involvement in decentralisation, chairman Samuel Jaff has adopted a "wait-and-see" attitude toward further moves in this direction.

"It remains to be seen what decisions the authorities will make and whether or not industries are to be encouraged in the urban areas where the provision of superior management and close contact with suppliers will apply," says Jaff. The company avoids supplying the export market, given its tight delivery requirements and foreign exchange exposure.

Delswa's domestic market remains highly competitive. Certain dutiable textiles still have to be imported while problems are being experienced in obtaining suitable, reliable supplies of textiles and yarn. Moreover, according to MD Stephen Jaff, the factories are working at about 80% capacity, leaving limited potential for turnover growth.

Even with the trend toward higher gearing, which has seen debt equity rise from 0,23 in 1984 to 0,63, management is planning expansion through acquisition.

Says Stephen Jaff "Most of our debt is short-term — along with the increase in our business, debtors have risen 38% to R11,2m (R8,1m). Year-end group borrowings totalled R6,1m, but we have the capacity to borrow up to twice shareholders' funds. Thus we have ample scope to increase debt should we find a suitably related company." Delswa's policy has been to allow subsidiaries to operate autonomously, managed by existing directors, with the holding company holding the purse-strings.

Provided the company does not show signs of over-borrowing in future, it appears to be no more exposed than its competitors to business risks common to most clothing manufacturers. On fundamentals, I think the share seems cheap. But much depends on what Delswa achieves in terms of next winter's orders, which will only be known in two months' time. Meanwhile, any shares that become available might be worth picking up.

Dave Edwards



12/8/87

184 B/Day

KAY TURVEY

PLAGUED by tensions and in-fighting between textile producers, clothing manufacturers and retailers, the garment industry is on the verge of bleeding to death. Costs have escalated faster than disposable incomes and the industry has not experienced growth for almost a decade.

In unit terms, the clothing industry has shown a 4% real growth this year, but on average has been declining since it peaked in 1981.

Employment in this labour intensive industry has dropped from around 135 000 in 1982 to about 100 000.

In the past five years the cost of clothing production has almost doubled and now lags marginally behind the Consumer Price Index.

The tourniquet to be applied is greater communication between sectors in

*The tourniquet to be applied is greater communication between sectors in the chain...*

the chain and a switch to base production.

National Clothing Federation president Mike Getz believes there is considerable scope for increasing consumption in SA if costs and inputs are market related.

He says international experience indicates that population groups in the lower income brackets spend up to 15% of their income on apparel. In SA this is less than 10%.

Issy Goldberg, MD of Trimtex, manufacturers and suppliers of garment trimmings, expects the usage of clothing to grow by about 150% by the year 2000.

To take advantage of this growth potential, Joop de Voest of Marketing & Planning Consulting Services says there is a need for the market to swing towards base fabrics and locally finished materials.

"The key issue to increasing throughput in the total clothing market is to cater for the mass needs," says De Voest.

Yet the clothing industry remains hamstrung by a shortsighted approach, with companies refusing to communicate with each other. There is an ongoing war of words between textile producers, garment manufacturers and retailers. Lack of information has aggravated the boom-bust turns of the industry and prompted a Board of Trade and Industry investigation into the sector.

# Garment industry needs to smarten up

Prior to publication of the report, which is due later this year, an uneasy truce has been reached in this sector, after the board's appeal for restraint on the traditional slanging.

De Voest, who is preparing an exhaustive analysis on the relationship between fibre, yarn and fabric producers to manufacturers of apparel, household and industrial textiles, and the effects on retail, says there is a need for communication between the various parties in the chain.

A comprehensive data base is essential for strategies to be devised to develop both the local and export market, says De Voest, whose report is scheduled for release in September.

Retailers following international trends have sharply reduced lead times and inventory levels, as with little growth in unit sales they are being forced to look to greater productivity and improved stock turns.

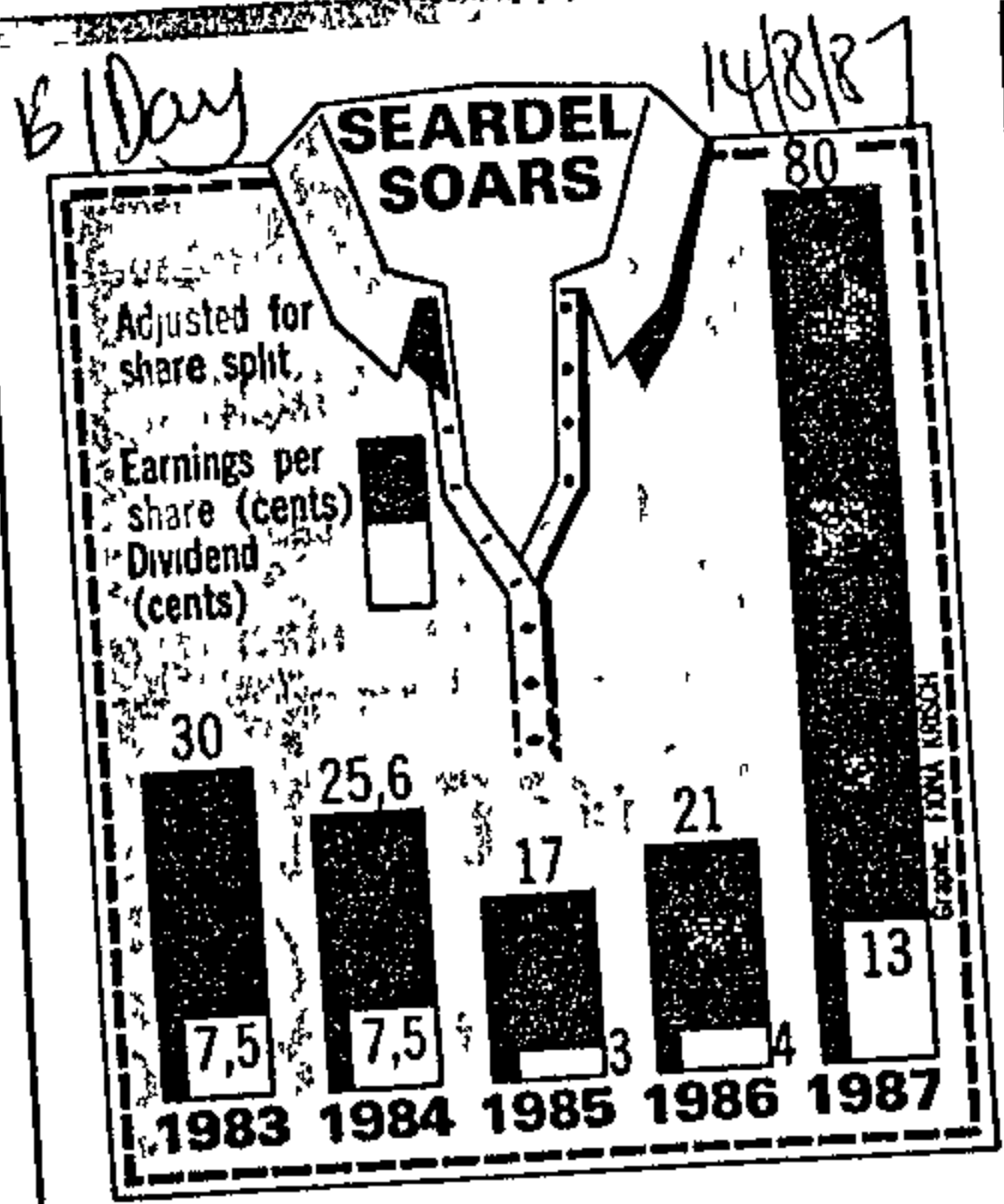
From below three stock turns a year, retailers are now looking to almost

*Yarn producers have turned to finer yarns, which take longer to produce than coarser threads...*

double that. After being de-stocked and caught short in Christmas 1985, retailers have increasingly looked to manufacturers to adopt the Japanese just-in-time concept, where they no longer carry two months of finished products, but all they have is what the customer wants or is likely to want.

This has created additional stresses and strains on supply lines, which in many areas are bottlenecked, following yarn and fabric producers having geared machinery for longer runs for exports when the rand fell in 1985.

At the same time, yarn producers have turned to finer yarns, which take longer to produce than coarser threads.



## Seardel turns in impressive set of results

AUDREY D'ANGELO

CAPE TOWN — Seardel Investment Corporation (Seardel) has turned in impressive results for the year to June 30, giving conclusive proof that the upturn has arrived for the clothing industry.

Attributable income has soared by 281% to R13,4m (R3,5m), earnings to 80c (21c) a share and the final dividend to 8c (2c) a share making a total of 13c (4c) for the year.

Turnover is up by 20% to R446,8m (R373,5m), operating income by 55% to R30,1m (R19,4m) and pre-tax income by 142% to R23m (R9,5m).

The tax bill was also up, to R7,1m (R2,8m), but finance charges were 29% lower at R7m (R9,8m). After-tax income was 136% higher at R15,9m (R6,7m). Attributable earnings of associated companies were R301 000, compared

● To Page 2 →

## Seardel posts impressive results

with a loss of R269 000. Chairman Aaron Searll said that although the increases were from a low base "these are good numbers. Lower interest rates have made a difference and we have not one loss-making subsidiary."

The pyramid company, Seardel Consolidated Holdings, which was incorporated in March, reported net earnings of R958 000 for the period ending June 30.

The maiden dividend is 7,8c a share. Seardel shares were split in four in May to make them more marketable. Since then the price has risen more than 60%. It reached a record 580c yesterday, gaining 10c on expectations that a spectacular rise in profits would be announced.

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COMPANIES

14/8/87  
(184) B/D

# Traclo is to raise R3,2m via offer

LIZ ROUSE

TRANSVAAL Clothing Industries (Traclo) is raising R3,2m by way of combined public and preferential offers of its shares at 60c each.

Traclo is offering the public 2,4-million shares and is also preferentially offering 3-million shares to its suppliers, employees and other business associates.

The offer opens today and it is expected Traclo's shares will be listed in the clothing, footwear and textiles sector on September 16.

On its 60c issue price and its forecast 1988 earnings of 6,3c a share, the company will stand on a prospective earnings yield of 10,5% and a PE of 9,5 times.

Traclo, which operates in the area of designing, manufacturing and distributing womens' fashionwear, is managed by a team of young and aggressive, yet experienced, entrepreneurs.

Having spent all their working lives in the industry, MD Ronnie Fivelman (35) and executive director Mike Destombes

(35), bought into Traclo, a long-established clothing manufacturer in 1980.

They revitalised the business, setting it on its course to the JSE. In the past seven years, the company has built up relationships with the country's leading chain stores which constitute Traclo's major market.

However, Fivelman says that one of the reasons for the listing is to fund Traclo's expansion into other markets.

Fivelman said that to satisfy pressure from its Cape-based customers, the group has opened a sales office in Cape Town and is proposing to expand its manufacturing and distribution operations in the Cape.

A portion of the funds raised by the offer will be applied to this expansion.

Traclo does not reveal its turnover figures for strategic business reasons but an index shows that this has more than doubled over the past five years.



TEXTILES & CLOTHING

Striking a balance

184

The Board of Trade and Industry's (BTI) eagerly awaited report on the diverging interests of the textile and clothing industries should be a strong pointer to future import protection policy for local industry

The report, expected by the end of September, will recommend tariff protection levels and attempt to strike a balance between the conflicting interests of the industry's two major constituents.

Current average textile tariff levels of around 20% have not succeeded in keeping out imported fabrics and the first five months of the year has seen imports rise by 250% — to the detriment of the local textile industry.

"What we need is a rational, flexible response to disruptive conditions caused by dumping. We are in favour of industry co-operation, but current tariff protection levels do little to keep out the cheapies. Third World countries have high tariff walls and First World countries suffer in silence. But we are in the middle," says Textile Federation executive director Stanley Shlagman.

The textile industry, with capital investment of some R1,1 billion and projected turnover this year of R4,3 billion, employs some 102 000 people. Last year about R242m was invested in plant refurbishment. Shlagman claims "hundreds of millions" of additional investment is in the pipeline should the BTI increase tariff protection against cheap imports.

But the clothing industry mounts an equally convincing argument of why tariff levels should be left where they are. National Clothing Federation (NCF) spokesman Hennie van Zyl says the industry is far more labour-intensive than textiles — a vital factor in SA with its high birth rates and growing unemployment problem. Although total investment is a relatively small R150m, it employs roughly 150 000 people and expects to increase industry turnover this year by 15% to R2,3 billion — from last year's R2 billion.

Fixed assets

"While average fixed assets per clothing producer is only around R80 000, the average figure for textile producers is closer to R1m," says Van Zyl.

It would, therefore, make more sense to increase official support for the clothing sector, argues Van Zyl. More jobs could be created at less cost to the economy, while cheaper products would mean that both local and export sales could be improved.

The clothing industry is emerging from a recession that lasted from 1982 — when it

employed 135 000 people — to the middle of 1986

A number of manufacturers closed their doors, output dropped by 40%, 30 000 workers were retrenched and another 5 000 lost or left their jobs and were not replaced

But measured in terms of people employed — a good performance barometer — the trend has been reversed. NCF president Mike Getz says 7 000 workers were taken on since the beginning of 1987 to cope with a 4%-4,5% production increase. And following a good winter season, retail inventories have been run down and fresh orders are expected.

However, despite the positive signs, Getz still sees problems. "Prices are the big threat to our continuing revival," he says. "We are sandwiched between powerful retailers who prevent us from taking the price increases we should, and powerful textile suppliers who can take price increases virtually whenever they want to and justify them in terms of a policy that tends to protect domestic capital intensive industry."

Clothing price increases average 11%, which is below the inflation rate, while textile suppliers take increases above the rate of inflation, complains Getz.

Getz's contention is that the industry's future depends on the adoption of economic policies that will reduce input costs to below the inflation rate. Impressive growth, he

says, will come only when it can produce products at prices that the emerging consumer can afford.

With his constituents' interests at heart, Shlagman maintains the textile industry is being pressed by fabric imports. Normally about 20% of the cloth used by the clothing industry is imported, but cloth is now coming into SA much faster and easier than before.

Endemic problems

The endemic production problems which garment manufacturers habitually throw at textile producers, he says, began last year when the rand dropped to below US50c. Clothing manufacturers could not afford the cost of imported cloth — on top of the high import duties — and switched orders to the local industry, which was unable to cope. A shortage developed and government relaxed its tariff protection temporarily, leaving textile producers with "a fairly modest" 20% ad valorem protection.

The consequence, says Shlagman, was that "sharp increases in imported fabric resulted in a dramatic downturn in certain sectors, notably the knitted cloth sector. If these temporary measures are allowed to continue, they will do us great harm."

Shlagman hopes the BTI will come out with recommendations that will be well considered and balanced.

THE RISING STAR

P.T.O

In an obvious attempt to boost circulation, *The Star* is to launch a new morning final edition for distribution in country areas outside the PWV. The morning-circulation *Citizen* could lose ground as a result.

The new edition, which will be printed at night, will appear from August 19 in regions from the northern Cape and Free State to northern Natal and the Transvaal platteland.

*Daily Star* managing editor Ron Anderson says the move is designed to overcome production bottlenecks and increase circulation. "At the moment our presses are busy from about 10/15 am to about 4 pm. Night printing is the only way we can increase our circulation." The newspaper hopes to boost its country circulation from 10 000 to around 25 000 copies by year end.

About 10 extra staff members have been taken on, most of them involved in production rather than writing.

The decision to move into the morning market was discussed by the Argus company (which owns *The Star*) with its competitor Times Media Limited (TML), on whose behalf it prints *Business Day* and *The Sunday Times*.

Says TML group secretary Barrie Harris, "We are fully in the picture and are satisfied with assurances from Argus that the printing of our publications will not be affected by this move. We also understand and accept that there is no intention for *The Star* to move into morning circulation in the PWV area."

"I do not think the new *Star* edition will have any effect on *Business Day* other than to improve its circulation," says Harris, "since it will be going out into the new areas with *The Star*. It will, therefore, be circulated to a wider area than was possible before."

*Citizen* editor Johnny Johnson refused to comment on the new moves.

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"The BTI wants to create a long-term solution. We did a lot of research and gave it our memoranda. We hope for protection against disruptive pricing practices. We don't want the free import of goods from sources such as mainland China that can be sold here for half of the cost of local manufacture."

Meanwhile, hopes of increasing clothing sales volumes look a little premature. "Apparel consumption in SA is low by international standards. The market is shrinking in real terms, as clothing prices are rising faster than disposable income," says Getz.

He is confident the BTI's recommendations will favour clothing manufacturers.

Getz also expects that the textile industry may lose some of its protective duties and will have to compete more directly with overseas producers. It will also have to cope with a more complex clothing industry demanding more variety, better quality and shorter lead times.

"In volume terms, the local industry can supply only about 70% of what we need. And only about 40% of its output is garment fabric."

Shlagman's retort is that last year's investment in plant and equipment will provide quicker service, a bigger range and enhanced quality. "We have far bigger plans in the pipeline, but want reasonable security in the marketplace before we act." ■



# State clamps down on imported clothing

By TOM HOOD  
Business Editor

PRICES of imported baby clothing can be expected to rise as a result of a Government clampdown to protect local manufacturers and jobs

A Government Gazette today spells out details of higher customs duties and the withdrawal of rebates of duty on imported knitted and crocheted fabrics for the manufacture of infants' clothing

Baby wear is being "dumped" in South Africa — imported at prices that do not reflect production costs — according to a Board of Trade investi-

gation and poses a threat to a part of the clothing industry that employs 1 800 people and has R9-million invested

The "small increase" that may occur in the price of infants' clothing is "far outweighed" by the advantages for the country of stimulating the industry here and creating badly needed additional jobs, says Mr T G Alant, Deputy Minister of Economic Affairs

The investigation into the competitive ability of the industry showed that the present customs duty of 15 percent *ad valorem* was insufficient to protect the local industry against competition from abroad

The Government has accepted the board's recommendation that the customs duty be amended and to withdraw the provision for rebate of the duty on imported knitted and crocheted fabrics for the manufacture of infants' garments

This will encourage local manufacturers of baby wear to buy the knitted fabrics they need in South Africa

"If imports can be eliminated, successfully local manufacturing capacity will need to be more than doubled with a potential of 1 400 new job opportunities," Mr Alant said.



## Clothing industry out of doldrums

# Seardel sews up impressive 136% higher profits

*CNE Trip 14/887* (18/4)

By AUDREY D'ANGELO  
Financial Editor

SEARDEL Investment Corporation (Seardel) has turned in impressive results for the year to June 30, giving conclusive proof that the upturn has arrived for the clothing industry.

Attributable income has soared by 281% to R13,4m (R3,5m), earnings to 80c (21c) a share and the final dividend to 8c (2c) a share making a total of 13c (4c) for the year

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The tax bill was also up, to R7,1m (R2,8m) but finance charges were 29% lower at R7m (9,8m) After-tax income was 136% higher at R15,9m (R6,7m)

Attributable earnings of associated companies were R301 000 compared with a loss of R269 000

### Low base

Chairman Aaron Searil said that although the increases were from a low base "these are good numbers — lower interest rates have made a difference and we have not one loss-making subsidiary."

Announcing the results to share-

holders, associates and staff at a party at the corporate headquarters last night, Searil said "Record sales and earnings have been achieved. The outlook for 1988 looks promising and we expect to achieve increases in turnover and profit"

He said the forecast made in February had been exceeded because the economic revival had maintained its momentum and the demand for clothing "exceeded our initial expectations resulting in increased sales volumes"

### Good season

"The forward order position looks reasonably healthy. The retailers had a good winter season"

"Provided all the economic indications remain constant, prospects for the 1988 winter season seem favourable"

The pyramid company, Seardel Consolidated Holdings, which was incorporated in March, reported net earnings of R958 000 for the period ending June 30. The maiden dividend is 7,8c a share.

Seardel shares were split in four in May to make them more marketable. Since then the price has risen more than 60%. It reached a record 580c yesterday, gaining 10c on expectations that a spectacular rise in profits would be announced

# Coastal doesn't believe in benefits of decentralisation

## Finance Staff

DURBAN — A public offer of 2,5 million shares marks the opening of the listing gambit of a Natal clothing company that is putting its faith in capital intensive production and staying in Durban.

Bernard Cohen, managing director of Coastal Clothing Manufacturers, which expects to come to the market in October, does not believe in taking advantage of Government decentralisation benefits to stay in contention.

"We have seen many of our competitors take their factories to the homelands, but we believe it is more profitable to stay in the city," he says.

"I see decentralisation as the antithesis of efficiency; companies revert to pre-war production methods, employing hundreds of unskilled workers and relying on

government incentives to remain profitable."

Like his competitors who prefer to stay put, Mr Cohen has spent the past six years investing capital on more sophisticated machinery and training workers to operate it.

Coastal Clothing, which concentrates on men's shirts and leisure garments, is offering the public 1,25 million shares, with a private placing of another 1,25 million with institutions, staff and associates, all at 100 cents each.

The company dates back to 1946 and was merged with Windsor Park Clothing Manufacturers nine years ago by Mr Cohen. Production has averaged 4700 garments a day for the past five years and turnover reached R10,3 million in the year to February 28.

A figure of R11,8 million is forecast for 1987-88.

The R1 share price is designed to be attractive — necessarily promising a windfall to stags — and to assure capital growth to serious investors, says Mr Cohen.

In line with the increasingly popular move of giving staff a stake in the company, Coastal will offer executives and staff a share purchase scheme "to stay on course with the move of the group away from the dynastic family structure we inherited in 1978 to the moulding of a committed team".

Gearing has been consciously reduced since 1985 when the interest bill topped R563 000. It is anticipated to be R70 000 next year (R201 000 in 1986-87).

"Our strategy has been to focus on our bottom line rather than turnover and thereby improve the quality of our earnings, in other words, to be in the best possible income before tax position."



(184) B/day 4/1/87

# Outlook promising for the clothing industry

THE forecasts made by clothing manufacturers coming to the JSE in the next two months may seem excessively high in relation to past performances but are justified by the outlook for the industry as a whole

Trading conditions are buoyant, order books are full and according to National Clothing Federation president Mike Getz, the industry is looking to a real growth rate of 3%-4% this year

Sentiments about the approaching Christmas season are bullish as consumers are expected to continue giving vent to pent-up demand.

## Healthy order books

Forecasts by clothing manufacturers are normally fairly reliable where production takes place to order. The three companies coming to the boards, Coastal Clothing Manufacturers, Cutrite Investments and Transvaal Clothing Industries (Traclo), report healthy order books — until April for Cutrite and Traclo and February for Coastal.

Judging turnover growth over the past five years, Cutrite shows an average compound growth rate

LINDA ENSOR

of 16% and has forecast a turnover growth of 26,7%

Traclo, which has had an average compound rate on an index basis of 19,6%, has a forecast of 35,9%. Coastal's growth rate has been 2% and it has forecast 14,2%. MD Bernard Cohen justifies the lower rate by saying that rather than chasing turnover, he is concentrating on enhancing profitability.

As regards past pre-interest margins Cutrite comes out ahead with an average 12,02% and a forecast 14,7%. Coastal, which has had an average 8,2% has forecast 12,9%. Traclo's margins are indeterminable.

The vagaries of fashion make strict inventory control an important factor for a clothing manufacturer and the percentage of stock to turnover at year-end is one way of judging the success achieved

Regard must, however, be had to the fact that the three companies are involved in quite different markets

Coastal had a much lower percentage (10,5%) of stock-to-turnover than Cutrite's (16,5%) Once

again Traclo's is indeterminable because of the failure to reveal turnover figures.

A further test of strict asset management is the level of stocks maintained. Traclo appears from its prospectus to have a relatively high level of finished goods — valued at R625 707 compared to Cutrite's R306 607 and Coastal's R196 000.

All three companies are going to the market both to eliminate debt and to expand their operations. After the listings they will have no significant gearing

## Forecast earnings

Coastal is coming to the market at an issue price of 100c (10-million shares in issue) and is forecasting earnings a share of 12,5c and a dividend of 5c. This puts it on a forward p e of 8

Cutrite, pitched at 90c (16,5-million shares in issue), has predicted earnings a share of 11,6c and a dividend of 5c, which gives it a p e of 7,8

Traclo at 60c (22-million shares in issue) has forecast earnings a share of 6,3c and a dividend of 3c. At 9,5, its p e is the highest and almost equal to the sector average of 9,6



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CAP: TATS 12/19/82

# Irma has made it from riches to rags

**IRMA BARENBLATT** led an enviable lifestyle. Dramatically beautiful with a mane of raven hair she is married to handsome Raoul Barenblatt, doing a R5-R6m annual turnover in pyjamas in his Straton factory at Woodstock. She is the chateleine of a mansion of a house in Bishopscourt, drives a smart car, travels extensively and expensively.

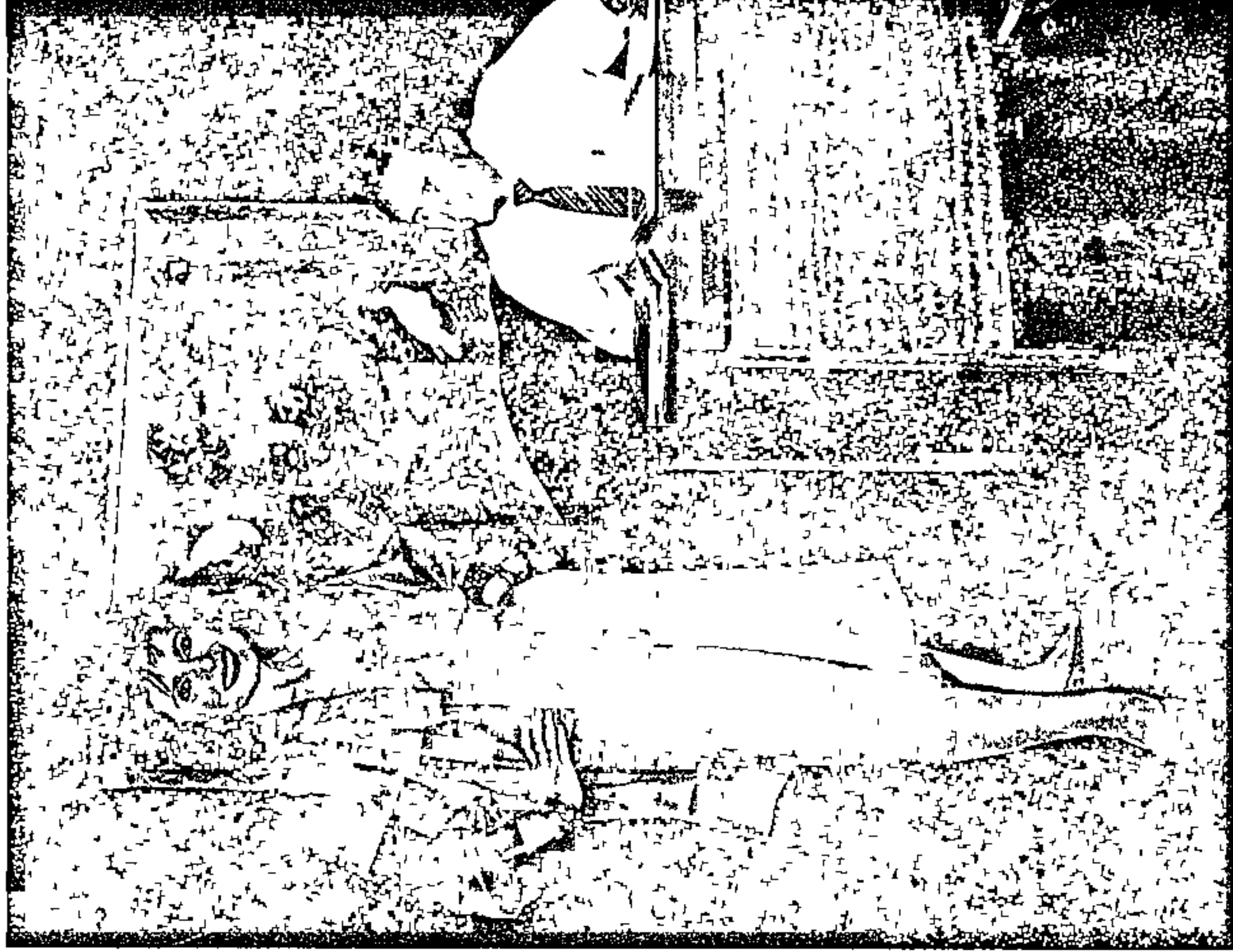
In the battle of wills Irma remained unruffled but determined. With a foot in the door she was not about to forego the chance of realizing her business ambition at last. "I had never written a cheque. There was never any need I had no idea how to cost to cost a garment. Or even how to make a pattern. My own sewing had always been done from bought patterns. On the odd occasion I had made dresses for friends I hadn't been able to bring myself to charging them for the fabric."

He used the house and children to dis- suade her. Irma busied herself making jewellery, doing copperwork, entertaining, knitting and sewing for herself. Whatever she tackled she did to perfection. Most of the smart clothes in which she was seen around town were her own handiwork. When Raoul used the dogs (a pair of caramel spaniels and a bouncy Great Dane) as an excuse for her staying home Irma took a stand. Tracey, the youngest of their three children was already 21. If she did not put her fashion talent to the test commercially now, she never would.

When Raoul helped her cost, her own hat and miss system tallied almost to the cent to his expensed calculations. Eighteen months on, Irma's space in the factory has expanded to a self-contained workroom. Her staff which she hires and fires herself has grown to 19 and includes a pattern-maker and tailor. Her output has increased from eight garments a week to 60 and is snapped up by exclusive boutiques in Jo-

the toughest. He used the house and children to dis- suade her. Irma busied herself making jewellery, doing copperwork, entertaining, knitting and sewing for herself. Whatever she tackled she did to perfection. Most of the smart clothes in which she was seen around town were her own handiwork. When Raoul used the dogs (a pair of caramel spaniels and a bouncy Great Dane) as an excuse for her staying home Irma took a stand. Tracey, the youngest of their three children was already 21. If she did not put her fashion talent to the test commercially now, she never would.

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Irma and Raoul Barenblatt at the Straton factory they share for their different manufacturing interests.

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DICK  
USHER

# Textile union rumpus

W/E Argus  
12/9/87

A MAJOR row has broken out over the formation of a large new national union in the clothing and textile sectors.

The 60 000-strong Garment Workers' Union (GWU), the largest in the Western Cape, deeply resents the manner of its exclusion from the union

And the chairman of the South African Federation of Textile, Garment and Leather Workers' Unions, to which all the unions involved are affiliated, called it "a selfish manoeuvre".

Mr Cedric Peterson, assistant general secretary of the GWU condemned the groups which had agreed to form the union and said "It's obvious that they never wanted us"

## ON TRACK

The decision to form the new union was taken in Durban last week by the National Union of Textile Workers (NUTW), the Garment Workers' Industrial Union (GWIU) and the National Union of Garment Workers (NUGW)

Mr Peterson said his union had gone to a federation meeting in Durban last week convinced that unity moves were on track and it would be up to the GWU to decide if they wanted to be part of the new union

"We wanted the launch date to be May 1 next year, for obvious symbolic reasons, but the other unions were pushing for it all to happen by the end of the year," he said

"But after ourselves and the GWIU, who are also involved in unity talks, agreed to compromise the NUTW was forced to admit they did not want us for a whole string of ideological reasons

## COMPLETE WASTE

"It has all been a complete waste because it's now obvious that right from the start they never wanted us"

Mr Desmond Sampson, chairman of the federation, said it was extremely disappointing that one big union could not have been effected.

"A great opportunity has been lost to unite all these workers in a one struggle against the monolithic stranglehold the bosses have on this industry.

"The reasons advanced for not wanting the GWU were not really acceptable when one bears in mind that great prize

## NEW DIRECTION

"The federation worked tremendously hard to facilitate a merger which would have created the third largest union in South Africa.

"The new union would have brought new directions and policies to the industries, but it seems those who went ahead were not brave enough to take the plunge of accepting GWU in a merger," he said

The new union, which will have about 70 000 members, will be launched in Durban on November 7



# Trimtex off to a head start on JSE

Issy Goldberg . tough  
for competitors

Gordon Polovin an  
other in the fold

By David Carte

TRIMTEX, a Durban company that makes and sells cuffs, collars, shoulder pads, and garment linings and turns over R18-million a year, nearly doubled its profitability ahead of its listing on Thursday.

The company, which also keeps the underpants and panties of SA up with its elastics, has bought Trico Fasteners of Roodepoort.

In so doing, it has come into the sphere of influence of Gordon Polovin's Columbia Consultants.

According to its prospectus, Trimtex was due to turn over R18,1-million in 1988 and make R1,6-million before tax.

The Trico acquisition adds R5-million to sales and R1,5-million to profit before tax.

Without Trico, Trimtex was due to make R932 000 in the current year. Trico is expected to add R870 000 to the bottom line, lifting taxed profit to R1,8-million.

## Founders move

The acquisition is being paid for by 6-million shares and will lift Trimtex's 1988 earnings by 22% from 9,8c to 12c. In 1987 Trimtex earned 7,6c a share, so now it is looking to virtually treble earnings.

Like Columbia's other listings, Trico has been a long-time client of Columbia. The Goodman family, which founded it, is moving out, having sold 100% of the equity to Columbia for shares. Columbia is on-selling the company to Trimtex for 6-million shares worth R4,5-million at the listing price of 75c — but a good deal more, presumably, at the market price to be established on Thursday.

Trimtex is ostensibly paying 5,2 times earnings for Trico.

After the deal, management of Trico will have 50%, Columbia 36% and the public 14%.

Management has Columbia's share in a voting pool to permit acquisitions for paper without the loss of control.

The deal is small for Columbia, but it adds 2c of earnings a share.

The Trimtex listing was

oversubscribed 55 times. The issue price of 75c was 9,9 times historical earnings. It is now only 6,25 times forecast earnings, so stags should have a field day.

Issy Goldberg, Trimtex managing director, says the best thing about Trico is its hook and loop fastener business. Trico is the only maker of this product in SA.

## Water sport

Mr Goldberg says "It is used in hundreds of applications, not all of which are in clothing. Outside clothing, you find it in car-door panels, in aircraft, water sports equipment and in furniture."

The low rand gives Trico a comparative advantage over imported equivalents and Trico cannot meet demand.

"It is a high-tech area with a high cost of entry. This should keep would-be competitors at bay."

Trico is also big in elastics and webbing for the clothing industry.

Trico is falling completely under the wing of Trimtex. The entire Goodman family is moving out — Adrian Goodman to join ToCo, a Columbia subsidiary, as a kind of acquisitions analyst — but the financial and marketing directors stay on.



Federation angry with Assocom

# Textile industry defends import ban

184  
23/9/87

**THE Textile Federation has slammed Assocom's attack on government concerning its import ban on textile piece goods.**

Chairman Stanley Shlagman said it was unfortunate Assocom had not undertaken a full investigation of all the facts before sending a message to Economic Affairs Minister Danie Steyn.

"During the January/August 1986 period, permits for piece goods valued at R211m were issued compared with the same period in 1987. If the improved exchange rate of the rand for these comparative periods is also taken into account, then the so-called restriction has hardly taken place."

He said during January/May 1987, imports of textile piece goods increased threefold over the same period in 1986.

"The clothing industry itself claimed a 30% shortage of fabrics during mid-1986 resulting from a 50% drop in imports caused by the then-low rand value. Obviously this 30% claimed has been more than compensated for by the vast increase in imports."

The Textile Federation much preferred a duty structure which was sufficiently reactive to respond to predatory or disruptively priced imports, which were highly characteristic of the international trade in textiles.

"The Board of Trade and Industries (BTI) began an inquiry into the textile and clothing industries in September 1986 and adjustments may result.

"The so-called restriction on import permits was intended to be a temporary

MICK COLLINS

measure pending the conclusion of the BTI investigation, and does not move away from the broad principal of justifiable protection through custom duties."

Shlagman said in September 1986 the BTI lowered custom duties on textile fabrics imports and removed all anti-disruptive duty elements.

"This resulted in the unwarranted flood of imports which caused serious harm to the textile industry and has also affected the interests of the clothing industry and the distributor trade.

"It is a pity Assocom did not investigate a very complex issue more fully by consultation with all parties concerned, which might have resulted in a more factual rather than emotive approach."

CHRIS CAIRCROSS reports that clothing manufacturers have argued that although many fabrics are technically available from local textile mills, some are only available for delivery after March next year, or cannot be supplied in the quantities desired.

They say although a promise has been received from the Director of Imports and Exports, that businesses will be accommodated which are able to show that specific fabrics cannot be supplied from local sources, it is often difficult to prove this as textile mills could refuse to confirm delivery dates.

Their plea for an urgent review on the issuing of permits is expected to be strongly opposed from within the textile industry and at this stage it seems unlikely the decision will be reversed.

Strong export demand

CAPE Times 29/9/87

**Burlington Ind**  
**shows 500%** (184)  
**rise in profits**

By AUDREY D'ANGELO  
 Financial Editor

CAPE TOWN clothing firm Burlington Industries, which was hard-hit by the recession, has lifted after-tax profit for the six months to June by nearly 500% to R131 000 (R23 500)

Earnings have risen to 21,3c (3,4c) a share and an interim dividend of 2,5c a share has been declared. Last year the interim was passed.

This was achieved on a 20% increase in sales, suggesting that pressure on margins has eased. Operating income has risen to R369 842 (R262 908). No tax was payable.

This compares with an after-tax profit of R136 947 for the full year in 1986, when earnings were 21,8c a share.

Chairman Philip Kawitzky said yesterday there was no doubt that the economic upturn was firmly under way. All the factories in the group were well booked until the end of the year and forward bookings for winter were well ahead of last year.

He said export orders were also up, mainly as a result of taking part in the menswear show at Earls Court in London.

Kawitzky said knitwear orders were particularly strong.

Director Anthony Kawitzky, who has just returned from the exhibition at Earls Court, said "We showed shirts, casual wear and knitwear and we have never taken so many export orders.

"They were not only from Britain but from other European countries and from some strange places."

Anthony Kawitzky said orders from domestic and overseas buyers were so strong that it was possible more workers might have to be recruited.

"The upturn in SA seems really strong. The feedback we are getting from retailers is that they are doing very well."

"Orders from established customers mean we are busier than last year without having to look for new business."

Burlington Industries is the holding company for Goldknit (Pty) producing ladies' knitwear under the Bijou trade mark, the A Fraser group of companies producing men's shirts and casual wear under the Marlboro, Manzetti di Milano and other labels and the Coronet group of companies producing ladies' sportswear under the Royal Palm and Anton Paris labels and children's clothes under the Jenny Jones label.



# More jobs in spite of export loss — Sear del

ARGUS 30/9/87  
184  
By TOM HOOD, Business Editor

SANCTIONS hit overseas sales by the giant Sear del Investment Corporation, the country's largest clothing manufacturer, reports the chairman, Mr Aaron Searll.

"Export turnover has dropped quite significantly," he says in his annual report.

"Strenuous efforts are continually being made to replace this business."

As the clothing industry recovered from the recession, the group's number of employees increased for the first time in several years in the 12 months to June 30.

The group now employs about 14,100 people, of whom 12,500 are employed in production, managerial and administration number 900 and promotion and sales staff total 700.

Where possible, disabled people were employed in suitable jobs, said Mr Searll.

The group's wage bill came to R102-million.

Success in dealing with union and labour problems was largely achieved as a result of a change in management style which accepted the challenge of implementing and administering justice and democracy in the work place.

"This is no easy task and cannot be achieved overnight. It is rather the beginning of a commitment towards an ongoing process which will form the basis of our industrial relations policy in the years ahead," he said.



Mr Searll



CAP TMS 3/10/87 (184) (212)

# Strebel offers workers shares before listing

By AUDREY D'ANGELO  
Financial Editor

ANOTHER Cape Town-based company heading for the Johannesburg Stock Exchange (JSE) is offering shares to all its employees to make them feel they have a stake in the business.

The Strebel group (Strebel), which has a major share of the zip-fastener, buckle and haberdashery market in SA and operates the oldest commission dye-house in the Western Cape, is expected to be listed in the Industrial — clothing, footwear and textiles sector of the JSE in November.

The listing is by way of a private placing of 2 050 000 shares at an issue price of 210c a share.

MD Fred Strebel said the 1 250 employees would all be offered shares, and loans to buy them with. He said the offer had been well received at the Atlantis factory where nearly 600 coloured people are employed.

But some of the black employees in other parts of the country seemed "a bit suspicious".

He thought this might be because they did not fully understand the share system and he would explain it to them.

Strebel said he thought it vital for the future of this country that employees of all races should benefit from the capitalist system and feel they had a stake in the firms they worked for.

He was also in favour of advancing

coloured and black employees to senior positions on merit. A number of immigrants who had worked for the group had returned home in the past two years, for political reasons, and instead of recruiting overseas he had promoted coloured people to fill the vacancies.

Other recently listed Western Cape firms who have offered shares to their entire work forces include the Board of Executors and steel merchants, UME.

Many others, including Pick 'n Pay, offer shares to senior or long-serving employees. Pick 'n Pay is about to broaden the scope of its scheme so that more can benefit.

Strebel, which has a sound asset base and profit record, is likely to attract strong support in spite of the spate of listings this year — with more than 100 still to come.

Earnings slipped from 10c a share in 1984 to 7,4c in 1985 when the recession hit the clothing manufacturers who are major customers. But they rose to 12,6c a share in 1986 and soared to 23c in the financial year which ended on June 30, 1987.

There will be 15m shares in issue after the listing and the net tangible asset value per share will be 87,5c.

In the past year the group acquired Sidley Manufacturing, the largest haberdashery manufacturer in the country, and Hereford Industries, producing narrow fabrics and zips.

18/10/87 (184) 5/11

By Don Robertson

# Clothing wears a better look

**THERE** are strong indications that the R2-billion clothing industry is on the road to recovery.

Last year the industry slumped to its lowest level since 1982, but in the second half showed definite signs of improvement.

However, at the beginning of this year, the market fell off rapidly, but is now showing signs of a new upsurge.

Hennie van Zyl, executive director of the National Clothing Federation (NCF), says the unexpected downward trend which started in November has now been arrested and the beginning of another upward phase is in the offing.

## Growth

"The clothing industry is now probably in the throes of an upturn and the demand for its products could possibly increase substantially over the next six months."

Mr van Zyl says that, this year, the industry could show a growth of about 4%, compared with a negative growth last year of 6%.

Employment levels are picking up, while the number of clothing manufacturers in Natal and the Western Cape is also on the increase.

Normal pent-up demand for clothing should be able to sustain the first phase of the improvement, says Mr van Zyl.

Since June, the NCF has visited the major clothing retailers and impressions gained show that sales volumes have escalated by up to 15% and expectations are that volumes will increase further during the rest of the year.

However, Mr van Zyl is concerned that the delivery of locally produced fabrics could stifle this recovery.

The long-standing feud between clothing manufacturers and fabric producers continues and a Stellenbosch University Bureau for Economic Research study conducted in July shows that

28% of manufacturers stated that shortage of fabric remained a serious problem, 57% said is constituted a slight bottleneck and only 15% were experiencing adequate supplies.

A recent NCF survey showed that 38% of confirmed orders were delivered late.

The price of fabric represents about 55% of the cost of a garment and any delays in delivery severely affect the industry.

A recent application to the Directorate of Import Control in the Department of Trade and Industry allowed manufacturers to import certain quantities of fabric but, says Mr van Zyl, the Department has become more stringent in the issuing of permits.

## Pipeline

A report by the Board of Trade into the clothing "pipeline", covering the production of fibres to manufacture to the retail level, is expected to be released next month. Mr van Zyl is hopeful that Government will react to this in the near future.

The improvement in business activity last year, and the better outlook at present had its effect on the main clothing shares on the stock exchange.

The clothing index, although not totally reflective of the industry, has risen from 708 at the beginning of the year to its present 1 138 for an increase of 61%.

At the same time, clothing manufacturers such as Rex Trueform and Seardel have also soared.

Rex Trueform has put on 72% since January and now trades at 1 375, while Seardel has put on an effective 196% after the four-for-one share

split. The share is trading at 630c.

Edgars, the largest clothing retailer, has doubled its price from about R20 in January to R42 at present.

**Shaping up**

**Activities:** Manufacturer and marketer of clothes for domestic and export markets Brand names include Rex Trueform, John Stephen, Cassidy, Hang Ten, Daks, Leavin and Vella.

**Control:** Management has majority control mainly indirectly through African and Overseas Enterprises which holds 71% of ordinary (voting) shares

**Chairman:** S C Shub

**Capital structure:** 2,73m ords of 50c each, 1,40m 'A' ords of 50c each Market capitalisation R57m

**Share market.** Price 1 375c Yields 5,7% on dividend, 15,9% on earnings, PE ratio, 6,3, cover, 3,4 12-month high, 1 400c, low, 770c Trading volume last quarter, 10 000 shares

**Financial:** Year to June 30

	'84	'85	'86	'87
<b>Debt</b>				
Short-term (Rm)	9,2	10,8	2,6	1,1
Long-term (Rm)	18,0	20,0	9,9	7,9
Debt equity ratio	0,55	0,64	0,56	0,42
Shareholders interest	0,53	0,49	0,57	0,61
Int & leasing cover	2,5	2,2	2,6	4,1
Debt cover	0,2	0,6	0,6	1,2

**Performance**

	'84	'85	'86	'87
Return on cap (%)	8,1	13,8	11,9	13,8
Turnover (Rm)	369	385	309	353
Pre-nt profit (Rm)	6,5	11,4	9,2	11,4
Taxed profit (Rm)	4,0	7,0	6,8	10,3
Earnings (c)	137	(224)	141	215
Dividends (c)	55	—	55	65
Net worth (c)	1 440	979	1 079	1 220

**This conservative** clothing company had an exceptional year Profits jumped 47% to a record R10,3m (R7m) But bottom line earnings are still not back up to the pre-1984 level, owing to the dilution effect of the increase in share capital that occurred in 1985

In 1984 the company suffered an exchange loss when overseas orders were cancelled This created a 224c per share loss Now, I understand, foreign exchange exposure is covered to a reasonable amount — without covering fully. Although export levels are slightly lower than they were then, they are still substantial.

According to management, the most im-

FINANCIAL MAIL OCTOBER 30 1987

portant factor was the fall in interest rates, helped by a modest fall in debt Still, pre-interest profit rose 24% to R11,4m (R9,2m) Long-term debt fell by nearly R2m to R7,9m (R9,9m), while cash and bank deposits grew to R7,2m (R0,4m)

The company also apparently benefited from closer attention to stock and account management The June year-end stock level rose only 10% to R32,1m (R29,1m) and accounts receivable fell from R35,9m to R33,8m The seven times current ratio underlines the company's aversion to risk

Chairman Stewart Shub says international consumer demand remains static and, with the external value of the rand remaining relatively strong, export margins are under pressure "Our share of the domestic market has been maintained with some increase in demand for group products," he says

The company seems unlikely to repeat this year's earnings jump, although Shub expects some further improvement in earnings provided the moderate improvement in the domestic economy is not disrupted

Some resilience should be derived from the basic business with established long-term buyers At best, the company can be expected to achieve a marginal real increase in turnover and further reduce long-term debt That seems unexciting for a share which, at about 1 375c, trades above its 1 220c net worth However, the p e is conservative at 6,3

Dave Edwards



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ISSUE

CAPE TOWN 2/11/87

# Local clothing prices rise by only 12,8%

By AUDREY D'ANGELO  
Financial Editor

PRICES charged by local clothing manufacturers rose by only 12,8% in the year to August, compared with a 16,5% rise in the overall consumer price index (CPI), the Chairman of the Cape Clothing Manufacturers Association, Simon Jocum, said at its 62nd annual meeting.

In the same period, he said, retail prices for clothing rose by 21% and textile prices by 20,5%.

Clothing manufacturers were doing all they could to contain costs and push up sales.

These were still showing too little growth because consumers were suffering from "a persistent drop in disposable income due to inflation and increasing taxation caused by fiscal drag".

As a result the number of people employed in the industry in the past year had grown by only 1 000, to 54 000 compared with 53 000 the year before. This, said Jocum, was an "insignificant" increase.

However, although the situation was fluid following the stock market fall, "I am optimistic that our industry will continue to grow in the Cape".

Calling for closer co-operation between clothing and textile manufacturers and retailers, Jocum urged association members to buy local fabrics whenever possible.

"It is in the interests of the economy and of both the clothing and textile industries if our industry exhausts all possibilities in purchasing the fabrics locally before resorting to imports.

"A fully booked textile industry would display less enthusiasm for applying for increased duties.

"The only way to keep the duty structure constant and even have it reduced is to ensure that there is close co-operation in improving quality and service from the textile industry."

Jocum said the local supply of cloth had improved, and all future requests for import permits would have to be "motivated by sound reasons, such as non-availability or extended delivery dates".

1984

# SA clothing industry urged to work harder

**WILD COAST** — An appeal to the SA clothing industry to work around the clock was made here yesterday.

"Factories should work 24 hours per day, seven days per week, 52 weeks per year, as they do in the east," P J Kieser, a technical consultant to the industry, told delegates at the conference of the National Clothing Federation of South Africa

Kieser said to achieve this, the industry had to develop export markets and channels and gear factories to continuous production.

"On speaking to clothing manufacturers, one hears an almost consistent

argument that working 24 hours, seven days a week, 52 weeks per year is impossible because labour rules, practices and traditions in the industry are against it.

"I am convinced major changes in tradition, rules, laws and practices are needed in SA for its economic survival.

"The ultimate choice is going to be whether we are going to have a free enterprise system or State-owned monopolies

"I think it will be in your interest to try and go for the former and to achieve this on a broad basis. The number of workers integrated into the free enterprise system must be

large enough to provide a significant political platform

"May I suggest to you, as manufacturers, that you take the lead in building this platform by offering direct and significant ownership to labour in your companies," Kieser said

He said the SA clothing industry also had to reach the African market. "But your investment and involvement must, however, have no visible sign that it is from SA. In this regard, I wish to emphasise it can be done because it is being done

"Anybody who is serious about a long-term commitment to the African market and beyond, can come to us for service," Kieser added — Sapa

# Clothing industry's new machine

**WILD COAST**—The South African clothing industry is expected to install a revolutionary new rotor-spinning machine — and the fibre industry is poised to have a new polyester fibre prepared for it according to Peter Reinmuth, of Hoechst (SA) fibres division

Speaking at the National Clothing Federation conference at the Wild Coast yesterday, Reinmuth said that latest rotor-spinning technology was seen at

the recent textile machinery exhibition in Paris

"This machine is capable of running at 100 000 revolutions per minute, resulting in significantly higher productivity at much lower yarn costs for fine counts," he said

Reinmuth said the new fibre would be 33% finer than ones presently being used and would be able to withstand high speeds. He said the local fibre industry would have this fibre ready for

materials as soon as the new machines were installed, and the combination would save foreign exchange and ultimately allow for the be able to export of quality goods at affordable prices

He said while Western industrialised countries had an idle growth rate, SA's textiles, clothing and man-made fibre industries had every prospect of moving to the top notch in productivity and growth over the next 10-20 years — Sapa



**BERKSHIRE**

**Dropping stitches**

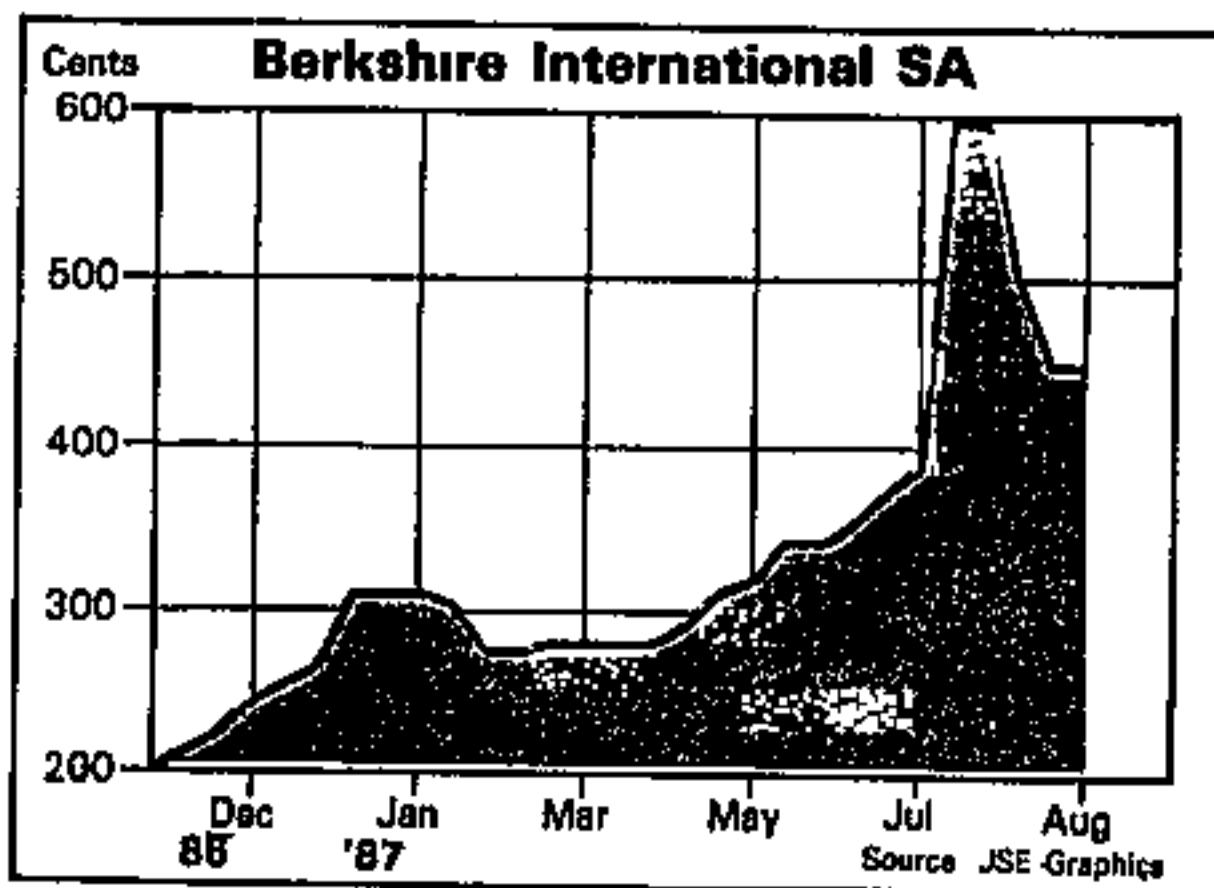
Two years after a local buyout Berkshire International is still in the red, although management is budgeting for a return to profitability in the current year given the increased demand for its products

Berkshire reported an attributable loss of R451 013 for the 18 months to end-July 1987 after a loss of R397 632 for the year to end-January 1986. Chairman Corder Tilney points out that these results include two

January/February low seasonal periods, when the group traditionally trades at a loss. The financial year has been extended to bring the group into line with holding company Shelford. These losses, he says, account for the conservative provision for obsolete stock.

Disposal of the loss-making knitwear division in June this year added R375 000 to the losses, through the abnormal write down of stock, making for a loss of R826 013 after extraordinary items. The discontinuance of this division will improve the future profitability, Tilney believes.

Turnover for the 18 months was 95% up on the previous year, when the group suffered from the cutback of inventory levels by retailers, but losses after tax increased by 20% to R302 106. These results do not fully reflect the dire position of local operations, which lost R610 038. Despite the South



**Activities:** Manufactures stockings, pants, hose, and clothing, notably denim

**Control:** The directors hold control

**Executive chairman:** C R Tilney

**Capital structure:** 1,55m ordrs of 50c each 50 000 red cum prefs of R2 each Market capitalisation R5m

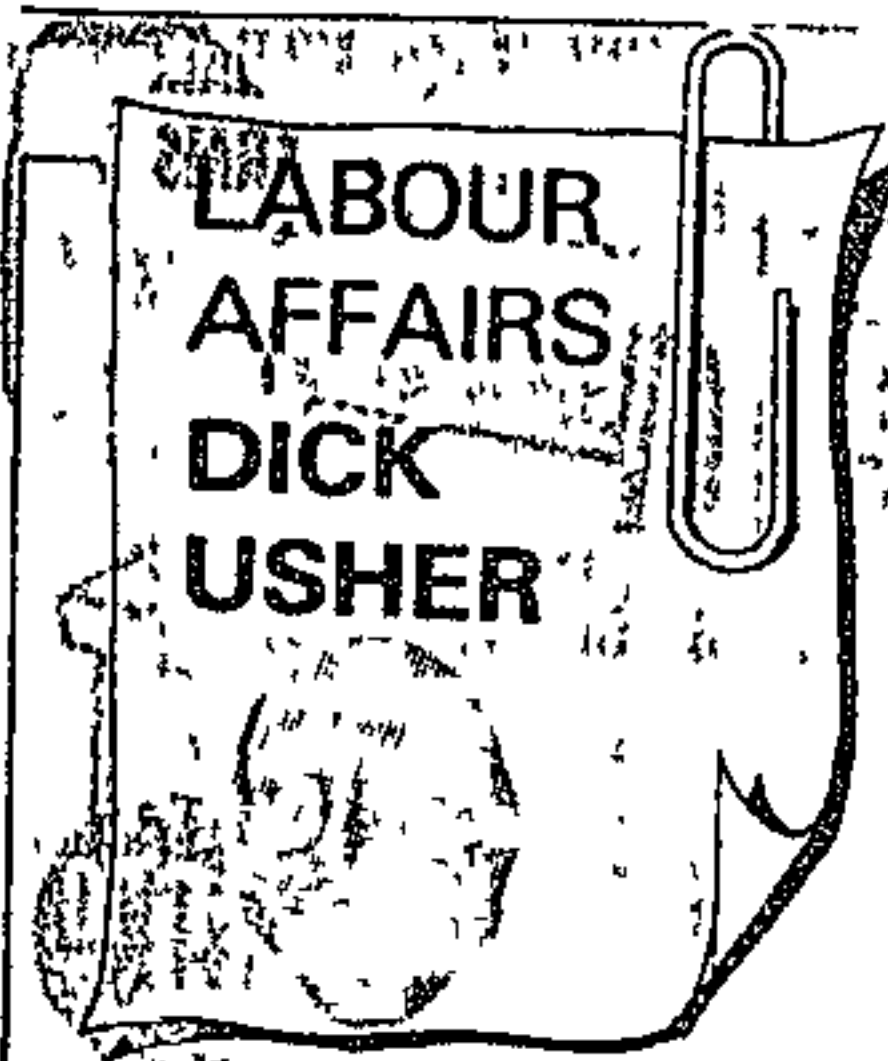
**Share market:** Price 350c 12-month high, 600c, low, 205c Trading volume last quarter, 11 000 shares

**Financial:** Year to July 4

	'83	'84	'85	**'87
<b>Debt</b>				
Short-term (Rm)	—	0,5	0,1	3,3
Long-term (Rm)	0,7	0,8	1,9	3,2
Debt equity ratio	0,10	0,15	0,08	0,73
Shareholders interest	0,79	0,71	0,65	0,44
Int & leasing cover	6,5	4,5	1,2	1,2
Debt cover	1,3	0,6	—	—
<b>Performance</b>				
Return on cap (%)	10,1	8,7	3,0	4,9
Pre-int profit (Rm)	1 077	1 120	418	886
Taxed profit (Rm)	0,6	0,6	(0,25)	(0,3)
Earnings (c)	33,5	35,6	(25,7)	(19,8)
Dividends (c)	8	8	1	—
Net worth (c)	506	554	548	468

• 18 months  
\*\* Annualised

African operations' computed tax loss, tax was payable owing to the successes of the Zimbabwean operation, which contributed R307 932 to after-tax profits. Higher borrowings to fund increased sales in the South African operation pushed the interest bill up to R721 899, compared to R333 686 in the previous year.



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# 1988 looks set to be an interesting year for clothing, furniture unions

EVENTS in two industries — clothing and furniture — should be particularly interesting next year.

In the garment industry, all eyes seem to be directed towards the Congress of South African Trade Unions (Cosatu).

Last weekend saw the emergence of a strong new national union in the clothing and textile industries affiliated to Cosatu, the Amalgamated Clothing and Textile Workers' Union (Actwusa).

This weekend the Clothing Workers' Union (Clowu), after being somewhat dormant for a while, is holding its third annual congress.

And the Garment Workers' Union (GWU) and the Natal-based Garment Workers' Industrial Union are hoping that they'll have their plans for amalgamation advanced enough to be able to complete it by the end of the year.

The scene could be set for some inter-union rivalry.

Membership of the GWU and all Cosatu affiliates in the Western Cape is within a few thousand of each other.

In the interests of its own influence Cosatu would have to crack the GWU's dominance of the clothing industry.

The GWU is alive to this possibility and has been looking over its shoulder at the National Union of Textile Workers (NUTW), one of the unions which formed Actwusa. Last week's *Clothesline* had two articles cautioning workers about NUTW, the Cosatu affiliate which showed them the door at talks earlier this year which would have brought them in with the unions now forming Actwusa.

But in spite of this the GWU hasn't closed the doors on moving into Cosatu, according to assistant general secretary Cedric Peterson

Meanwhile Clowu, in the pamphlet advertising its meeting, says: "We expect this to be a watershed conference because... we will have to discuss the conversion of Clowu into an authentic union with paid-up members as opposed to merely signed-up members as is the case to a large extent at the moment."

"Cosatu lays down paid-up membership as a condition of affiliation."

In the furniture industry things are a little different. The existing union, the National Union of Furniture and Allied Workers (Nufaw), recently affiliated to the National Council of Trade Unions (Nactu)

This is South Africa's second largest union grouping and has recently been consolidating in the Western Cape.

But the latest *Work in Progress* reported that two Cosatu affiliates, the National Union of Metalworkers and Paper, Wood and Allied Workers' Union (Pwawu), "have made great strides in ending the closed shop system in the furniture industry".

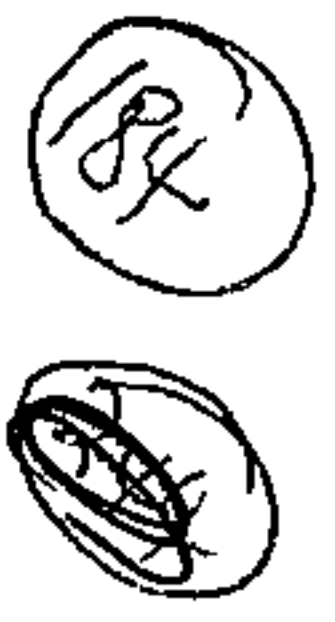
They have concluded a recognition agreement with Afcol, the biggest furniture company in the country.

"For Pwawu the agreement is a consolidation of its campaign to drive Nufaw out of the industry," said the report.

In the Western Cape, Pwawu has held at least one meeting for furniture workers and the drive against Nufaw appears to be on.



# SA cotton prices rise to 'realistic levels'



THE PRICE of the 1988/1989 South African cotton crop will rise to the more realistic levels of world prices, but this will only have a minor effect on the consumer price of clothing.

Textile Federation executive director Stanley Schlagman says on behalf of the federation's constituent, SA Cotton Textile Manufacturers' Association, that the misunderstanding over the cotton price should be cleared up.

The SA cotton price has been far below world levels. The domestic cotton industry satisfied 75% of local requirements in 1987, necessitating cotton spinners to import the balance on a rising world market.

LIZ ROUSE

Indications are that, subject to reasonable climatic conditions, the 1988 cotton crop could meet the country's total requirements. But a more equitable price should be attained.

After negotiations on October 8 between cotton spinners and growers, a price range of a minimum of 350c a kg (FOR GIN) and a maximum of 450c a kg was agreed on in respect of the 1988 crop. The final price will be determined

on the basis of the average of the November 1987 and March 1988 Liverpool index, and will therefore be set within this range — and will also therefore relate to the world price of cotton at those dates.

Schlagman explains that, since the setting of the base price for locally produced cotton at 280c a kg for the 1987 crop, the world price has moved from a low of 321c a kg in April to a high of 411c a kg in August.

He says since cotton is a major component of textiles, both for garments and

household textiles, the price of cotton has an effect on the consumer price of such items.

"It should be noted, however, that cotton fibre as such is only about 20% to 25% of the clothing manufacturer's total cost of production. Of itself therefore, any increase in the price of cotton fibre has only a comparatively minor effect on the consumer price of garments.

"Other factors, over which the textile industry has no control, have a far greater influence on the final price of clothing."

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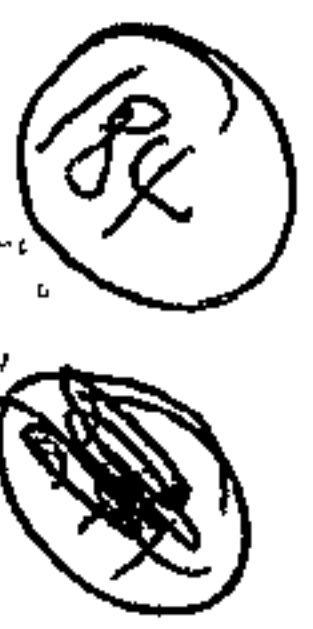
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Argus 17/11/87

(184) (109) (5) (8/16)

## WP garment workers call dispute

Labour Reporter

THE Western Cape's largest union has declared a dispute with garment industry employers over their refusal to include several procedures in the industrial council agreement.

The dispute was declared by the Garment Workers Union (GWU) after a special meeting of the industrial council. The union wanted disciplinary, grievance, retrenchment and maternity procedures included in the agreement.

"Employers refused and wanted us to bring them up at next year's negotiations, but this is non-negotiable for us," said GWU assistant general-secretary Mr. Cedric Peterson.

### LONG AGO

"They should have been there a long time ago and we want them now."

At a general meeting of the union at the weekend, members voted unanimously in favour of a proposed merger with the Natal-based Garment Workers Industrial Union, which has already approved the merger.

Argus 17/11/87

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SEARDEL

## Stocking up

A modest upturn in the clothing industry and lower interest rates contributed to Seardel's record results for the year to end-June. Yet, with gearing at more than 100%, the group remains vulnerable to any increase in interest rates, although profits could be helped by the high dividend cover.

Group borrowings have soared by 39% to R87,5m in order to maintain higher stock levels, which increased 37% to R106,8m. Chairman Aaron Searll points out that these debts are not in capital projects but in larger volumes of buffer stock. These stocks were built up to ease fabric delivery problems.

The group benefited last year from lower interest rates, which saw the interest bill fall from R9,87m to R7,04m. The R54,6m unsecured loan taken out in the last quarter of the financial year does not seem to have impacted on these interest charges, but does seem likely to be reflected in the current interest bill.

Plans to repay borrowings through the listing of the non-clothing divisions, Sharp Electronics and Prima Toys, have been set back by the postponement of the rights issue after the market crash. Meanwhile, a high dividend cover is being maintained to reduce borrowings. Improvements in working capital control are expected.

Better operating conditions were reflected in a marked increase in margins as loss-making subsidiaries were disposed of, while a 19,6% rise in turnover to R446,85m helped recovery of overheads. Searll says that mar-

**Activities:** Manufacture and distribution of men's women's and children's apparel. Also has interests in toys, consumer electronics and travel.

**Control:** Seardel Consolidated Holdings is the pyramid.

**Chairman:** A Searll.

**Capital structure:** 16,8m ord's of 25c each, 3,35m cum red prefs of 10c each, 6,61 conv cum prefs of 25c each, 2m cum red prefs of 1c each. Market capitalisation R63m.

**Share market:** Price 375c. Yields 3,46% on dividend, 21,3% on earnings, PE ratio, 4,7, cover, 6,1. 12-month high, 720c, low, 162c. Trading volume last quarter, 586 226 shares.

**Financial:** Year to June 30

	'84*	'85*	'86*	'87*
<b>Debt</b>				
Short-term (Rm)	15,0	15,1	21,0	17,6
Long-term (Rm)	35,9	56,9	41,5	69,4
Debt equity ratio	0,8	1,2	1,2	1,4
Shareholders' interest	0,32	0,30	0,31	0,31
Int & leasing cover	2,0	1,4	1,8	3,4
Debt cover	0,25	0,13	0,16	0,23
<b>Performance</b>				
Return on cap (%)	10,5	13,7	11,0	13,3
Turnover (Rm)	335	353	374	447
Pre-int profit (Rm)	20,0	24,5	19,4	30,1
Pre-int margin (%)	6,0	6,9	5,2	6,7
Taxed profit (Rm)	7,9	5,9	6,7	15,9
Earnings (c)	8	17	21	80
Dividends (c)	8	3	4	13
Net worth (c)	265	260	273	343

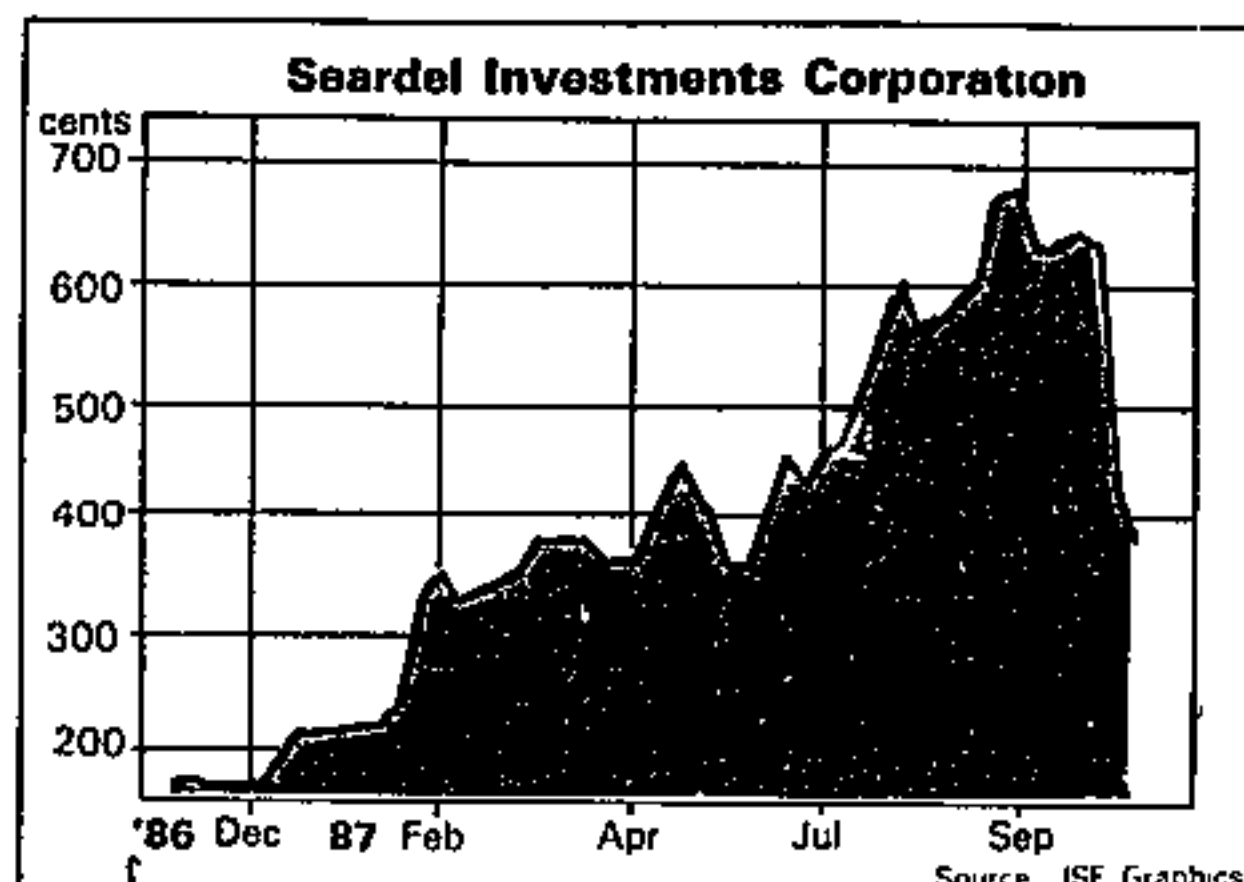
\*Adjusted to be comparable with 1987

gins are still not as high as management would like, as the group still has spare capacity. Major retailers dominating the apparel market are demanding shorter lead times and are in a position to place constraints on margins, he says.

Seardel's working capital has escalated from R65,6m to R106,4m, Searll says. Manufacturers have largely borne the brunt of this squeeze, as unreliable deliveries of local material have necessitated higher levels of working capital. However, it would appear that management is struggling to keep abreast of sales growth. Accounts receivable have increased 32,3% on a 19,6% increase in sales. The rise is not being funded through creditors, which remain largely unchanged.

During the year the capital structure was revised through a four-to-one share split to ensure Searll's control.

Searll says the group is seeing slightly more buoyancy in the market, with both sales and profits up. He foresees improvements in deliveries and local textile produc-



tion, and these should enable a reduction of stock levels in the current year.

At 375c, the dividend yield compares with a sector average of 4,8%. The share does not look cheap, particularly in view of problems still to be overcome in the clothing and textile industry. There could still be good growth in trading profits this year, but earnings may be somewhat restrained by the need to redeem almost R1m in redeemable preference shares in December. Kay Turvey



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erly examining the site ... chemical nature and sabotage was

Implications of a competition retreat

# NCF views new cotton price a threat

184  
23/11/87  
12/day

THE National Clothing Federation (NCF) says it views with concern the announcement by the Textile Federation of a significant increase in the domestic cotton price.

Domestic cotton is expected to rise between R3,50 to R4,50 a kg, from the current level of R2,80 a kg. "This equates to a hike of between 25% and 60% and constitutes a serious threat to off-take of the fibre domestically. Unit sales of garments are likely to fall since the price/volume relationship here is an acute and sensitive one."

The NCF said any cost increases should be viewed with alarm, especially if SA was serious about combating inflation, promoting growth and creating job opportunities.

"It is important to recall in this context a comparable hike in the wool price during 1986. Volume uptake by local industry fell sharply, by almost 20%. This weakened trend continues, and the role of wool for domestic beneficiation in SA is now very much in question."

Equally serious was the further retreat from international competitiveness with all its implications

MICK COLLINS

"It should be noted however that the price of cotton has not been increased for some three years. During this period nevertheless, fabrics of cotton increased in price by some 20% to 30% a year.

"It is important that serious attempts are made by the textile industry to contain and trim costs, lest its products push garment prices further out of the consumers reach."

Particular attention should now be devoted to the cost of converting raw cotton into yarn and fabric.

"In the case of yarn, the conversion cost factor internationally is 2,5 — in SA it is 3,5, or 40% higher.

"There is an equally material difference in the conversion of yarn to fabric. This is further illustrated by the fact that in spite of cotton having been occasionally lower than world prices, the predominant prices of domestic textiles have been well above international levels."

Latest figures show the price of cotton yarn had increased by 70% in the past 30 months, cotton denim by 44% over the same period and sheeting by 52%.

# Garment workers seek Cosatu link

Cape Times 7/12/87  
Own Correspondent

DURBAN. — The Garment Workers' Union, representing more than 100 000 workers, was formed at a two-day meeting which ended yesterday at the Isipingo Beach Island Hotel.

Mr Ismail Muckdoom, president of the union, said that the delegates gave them a mandate to seek affiliation with Cosatu, the Congress of South African Trade Unions.

The GWU was formed with the merging of the Garment Workers' Industrial Union of Natal and the Garment Workers' Union (Western Province) — both affiliates of the now disbanded Trade Union of Council of South Africa, Tucsa.

Mr Muckdoom, who is president of the GWIU of Natal, said the meeting resolved to empower the national executive committee to request observer status on Cosatu forums for six months before a formal application for affiliation was made.

Mr Paul Adams, chairman of the Garment Workers' Union (Western Cape), was elected vice-president; Mr David Perumal, treasurer of the GWIU, Natal, was elected treasurer of the national body, and Mr Desmond Sampson, former head of the Western Cape union's legal department, was elected general secretary.

# Merger produces giant union

~~1/2/87~~  
Sometime  
8/12/87  
(84)

THE Garment Workers' Industrial Union of Natal merged with the Garment Workers Union (Western Province) at a congress at Isipingo at the weekend to form one of the largest unions in the country.

Mr Ismail Muckdoom, president of the new Garment Workers Union (South Africa), said yesterday that it represented more than 100 000 workers, making it the third largest union in the country. He said only the mineworkers' and metal industries' unions were larger.

He said delegates at the two-day meeting at an Isipingo hotel had also given a mandate for the new body to seek affiliation to the Congress of Trade Unions (Cosatu).

The ultimate aim was to have one union for the whole industry, including garment, textile and leather workers.

"There are far too many unions in one industry, each trying to get members and causing disruptions and division in the ranks. We want to speak with one voice."

## Observer status

Mr Muckdoom said the national executive committee of the new body was empowered to request observer status on Cosatu forums for six months before a formal application for affiliation was made.

The vice-president of the new body is Mr Paul Adams, chairman of the Garment Workers' Union (Western Cape), which is the largest union in the Cape, representing workers in Cape Town's largest industry.

Mr David Perumal, treasurer of the GWIU (Natal) was elected treasurer of the new body and MP Desmond Sampson, former head of the Western Cape union's legal department, was elected general secretary.



# Unions in shake-up

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South  
Nov 26 - Dec 2 '87

By RYLAND FISHER

THE controversial Garment Workers Union, the Western Cape's largest union, is set to apply for membership of the Congress of South African Trade Unions (Cosatu) in a move likely to cause shock waves in the local union movement.

This follows the decision to merge with the Natal-based Garment Workers Industrial Union next month to form a new super union representing more than 100 000 workers. The Natal union has 46 000 members and GWU 56 000

The GWU is the largest clothing union in the country.

It was one of the longest-standing members of the now defunct conservative Trade Union Council of South Africa (Tucsa).

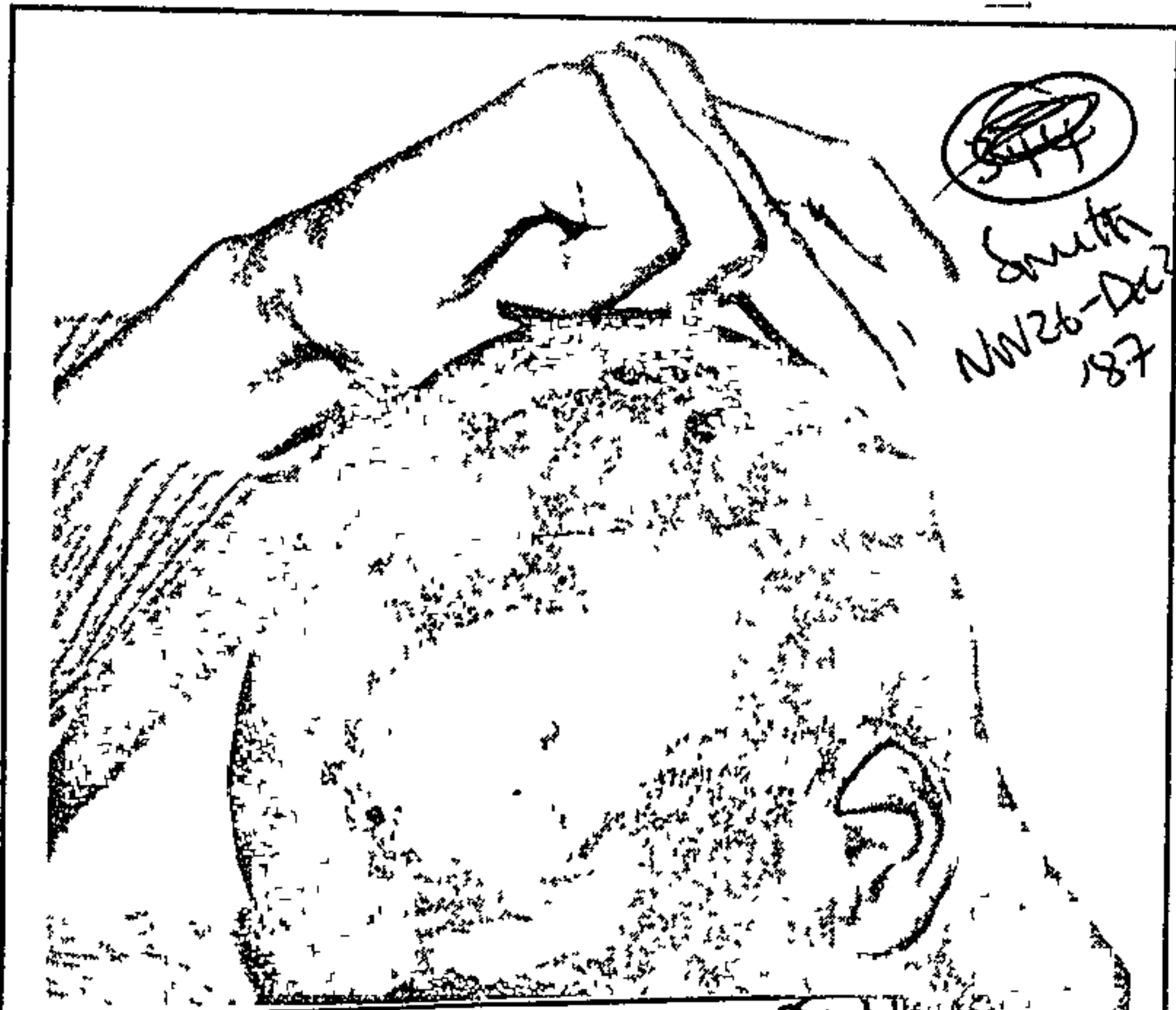
## Cosatu union slams merger — See page 2

Its launch, to be held in Durban December 5 and 6, follows the recent formation of the Cosatu-affiliated Amalgamated Clothing and Textile Workers Union of South Africa (Actwusa).

Another former Tucsa affiliate, the Textile Workers Industrial Union, forms part of Actwusa.

The main stumbling block to

Turn to page 3



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South  
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## Cosatu affiliation on launch agenda

From page 1

the GWU/GWIU merger joining Cosatu appears to be Actwusa, which organises in the same industry. Cosatu's policy is to recognise only one union in each industry.

GWU assistant general secretary Cedric Petersen would not confirm that the union intended to approach Cosatu, but said affiliation to the union federation would be discussed at the launch conference of the new union.

"We realise there may be hassles because of their policy of one union per industry, but that is not our problem.

"We will not take hasty decisions. All resolutions will be thoroughly discussed by workers at the congress," he said.

Dec 2 1987



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## Cosatu union slams merger

THE newly-formed Amalgamated Clothing and Textile Workers Union of South Africa (Actwusa) has slammed the proposed merger between the Garment Workers Union (Western Province) and the Natal-based Garment Workers Industrial Union.

Actwusa, the Congress of South African Trade Unions (Cosatu) affiliate in the garment and textile sector, said the merger was "an act of disunity".

"The Cape Garment union is, through this manoeuvre, preventing the Natal Garment union from merging with us," said Actwusa general secretary John Copelyn.

"We have offered to merge with the Natal union and have consistently stated that the Cape union has a number of important matters to sort out internally prior to a merger with Actwusa.

### More than beauty contest

"It has to address the task of transforming the union into an organisation which is more than a beauty contest. In fact, the Garment Workers Union (Western Province) is today, in the minds of most Cape workers, a Miss World show unable or unwilling to address the crucial issues of the Cosatu Living Wage Campaign.

"The poverty wages in the Cape Garment industry, the lack of paid maternity benefits and the union's docility towards and the collaboration with the employers, have repeatedly been quoted by employers in other industries to justify their own refusal to grant substantial wage increases.

"The propaganda put out by the Cape union about Actwusa is not only untrue but also counter-productive.

"We note the support given to Actwusa at the recent Cape regional congress of Cosatu.

"Cosatu congratulated and welcomed Actwusa, with its 11 000 paid-up members, into the Western Cape region and pledged full support for Actwusa's effort to bring all textile and garment workers into Cosatu," Copelyn said.

COMPANIES

## Teconit, Monatic in takeover talks

Business Editor

TECONIT, the Claremont-based knitwear manufacturer, is negotiating to take over Knitwear Industries of Parow from Monatic.

The acquisition would allow it to manufacture knitwear under the Monatic label as well as two other well-known labels, said the company today

"The takeover of Knitwear Industries will add greatly to the company's knitting capacity and it now has a wider range of machines in different gauges and is able to offer a wide range of yarns, both local and imported," said Mr Stan Wood, technical product development manager

"The plant will operate independently but will greatly increase Teconit's production capacity and range of garments"

Teconit claims to hold 8 percent of the country's knitwear market and hopes with recent acquisitions and the purchase of sophisticated machinery, it can raise its market share up to 11 percent

The takeover is subject to a few technical details being resolved.





Cape Chamber of Industries President Mike Getz (right), congratulates Cape Clothing Manufacturers Association chairman, Simon Jocum after the opening of the new Simon Jocum Training Theatre.

*Cape Times 10/12/87*

# Labour relations 'vital' in 1988

*184*  
BY DAVE PHILIP

LABOUR relations will be vitally important in the coming year, the chairman of the Cape Clothing Manufacturers' Association, Simon Jocum, warned last night.

Speaking at the opening of a lecture theatre for industry trainees, which has been named after him, he said "productivity, growth and sound industrial relations operate in tandem".

The clothing industry had for many years enjoyed industrial peace and a stable relationship with the unions.

Commenting on recent changes in the structure and management of the unions he said "It is hoped that good labour relations in the industry will not become a football being kicked around in the game between Unions".

He continued "More and more wage demands will ensure that labour will become more expensive. Improved productivity coupled with improved industrial relations can offset this increased cost".

He commended the Department of Manpower for creating a six-week training programme for the unemployed and new work-seekers.

"To date we have trained 2 750 unemployed workers," he said, adding that they have become productive in the informal sector, which the Government is doing its utmost to encourage.

## Retailers: 'Outstanding results'

# Prospects look bright for ragtrade—Jocum

Cape Times  
10/12/87  
184

By AUDREY D'ANGELO  
Financial Editor

PROSPECTS are looking bright for the clothing industry — the largest single employer in the greater Cape Town area — Simon Jocum, chairman of the Cape Clothing Manufacturers Association, said yesterday.

"Retailers are reporting outstanding results for the first week in December. Things are definitely looking better all round and a 5% rate of growth is being projected for the industry in 1988.

"Notwithstanding the stock exchange crash we are expecting clothing sales to be very good this season."

### Slow start

The upsurge in sales has come after a worrying period when they seemed to be flagging.

Another leading clothing manufacturer, who asked not to be named, said "The summer was slow in starting and it looked as though things might not go the way we had hoped.

"But the 15 or 20 trading days leading up to Christmas are the ones critical for our industry. Some retailers say they provide up to 50% of annual sales.

"And although sales started slowly they have picked up. The sales budgets set for this season have been ambitious and if they are met will be a considerable improvement on the past few years."

Emphasising that the improvement in the past few days was in unit terms

and not merely in the rand value of sales, he said "Some retailers who were claiming increases in sales of up to 20% earlier in the year were talking in rand terms, and inflation accounted for 16% or 17% of this so that real growth was minuscule."

Jocum said that for the past four years "the clothing industry has been riding with inflation, with no unit growth.

"Now there seems to be a movement to real growth and we are very optimistic — provided the politicians don't mess things up."

### Struggle

He expected more jobs to be available in the coming year and more use to be made of the industry's training scheme.

But Jocum said manufacturers would still have to struggle to keep costs down so that their goods would be affordable, and their biggest enemy was inflation.

Inputs accounted for 55% of a clothing manufacturer's costs "and their cost is out of our control."

The recent strengthening of the rand had helped since, apart from lowering the cost of imported fabrics, it had made home-produced wool and cotton cheaper. These are sold to local buyers at world prices, set in dollars.

Jocum said that although a stronger rand hampered exports, it was welcome because a strong domestic market was vital. This meant increased production "and exports flow from that."

LABOUR  
AFFAIRS  
DICK  
USHER



W/LF News 12/12/87

# Labour relations become increasingly important for clothing employers

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LABOUR relations are going to become increasingly important for employers in the clothing trade.

Simon Jocum, chairman of the Cape Clothing Manufacturers' Association, made the point on Wednesday night at a function to mark his five years' service as chairman of the Clothing Industry Training Board

He was speaking against a background of recent developments among unions involved in the industry which have seen the creation of two large new unions, opening the way for serious rivalry between them.

The formation of Actwusa (Amalgamated Clothing and Textile Workers' Union of South Africa), affiliated to the Congress of South African Trade Unions (Cosatu) in November was followed by the merger of the Garment Workers' Union (WP) and the Garment Workers' Industrial Union (Natal) as the Garment and Allied Workers' Union (Gawu).

Gawu, with about 100 000 members, is the third largest union in South Africa and the largest not affiliated to any federation.

Each side has been firing warning shots across the bows of the other and Actwusa produced a new song at their rally last weekend, warning against "the Garment" and its people.

On these developments Jocum said: "It is hoped that good labour relations will not become a football to be kicked around in the game between unions."

He said later that one of his major concerns for 1988 would be to encourage all employers to pay more attention to sound labour relations.

"There are some whose policies are sound and there are others who could improve," he said.

## GOOD LOOK

"And it is important for the health of the whole industry that every employer should take a good look at himself and make sure that he is up to date with the latest developments in labour relations.

"The whole industry is weakened if there are problems anywhere in the industry

"Even if you have your own house in order you still have problems if the house next door is on fire.

"And smallness is no excuse for not taking a close interest in labour relations.

"Even the small manufacturers who employ 10 people should take the same interest in a good relationship with staff as those who employ 1 000.

"It's just good business sense.

"Poor labour relations and communication with staff lead

to dissension on the factory floor and poor productivity," said Jocum.

And, with a potential inter-union struggle looming, the industry also faces the negotiation of a new main agreement with Gawu next year.

Employers concede privately that they will have to give away more than they did in the past.

But they are presently perplexed by the dispute with the union over disciplinary, grievance and retrenchment procedures.

"They raised these issues about six months earlier, dropped them, and now conditions have improved and the immediate need for them has receded they have been revived," said one.

It was unlikely that Gawu, which is not practised in such matters, could raise enough fire to call a strike over the dispute.

So the most probable outcome (if it were to go that far) would be for the Industrial Court to order employers to negotiate procedures

But, by the time that had been ordered negotiations for the new agreement would be in the offing and procedures could be dealt with there.

"So many of us are a bit puzzled about what they're trying to do," he said