MANUFACTURING FOOD

1974 - 1975

C.T. 30/9/74 (186)

# New wage deal for canning workers

MANUFACTURING
FOOD

NEW minimum weekly wages from October 1 for employees in the fruit and vegetable canning industry were announced in Cape Town this weekend by Mr John Mentoor, general secretary of the Canning Workers Union

There will be a R7,15 a week increase for men and R4,75 for women above the highest rates, in terms of the old Conciliation Board agreement which expired on May 31.

Mr Mentoor said the agreement was concluded between the union and board recently. The union pressed for higher wages, ranging from R36 a week upwards, as members found the cost of living too high.

Other benefits were agreed on. These included:

- One wage scale for all areas instead of varying scales for different magisterial districts.
- Better annual wage increases during the period of operation of the new agreement.
- Three weeks annual leave on full pay for employees who have had 12 months' service and a pro rata share for others
- Overtime payments at time-and-a-half of the basic wage
- Payments of 20c (previously 10c) for washing overalls
- A meal allowance during overtime of 50c instead of the previous 25c. — Sapa

1. 107
2. Afr Sugar
3. 186

# KwaZulu wants sugar mills

25/5/76

NM

**African Affairs Correspondent**

ULUNDI — The sugar industry was reprimanded in the Legislative Assembly yesterday for its opposition to the establishment of sugar mills in KwaZulu.

Chief Owen Sitole, Councillor for Agriculture felt that the sugar industry wanted a monopoly of mills.

He recalled that his Government had appointed a consultant last year to look into the establishment of a sugar mill in KwaZulu. The report was submitted to Pretoria and then to the South African Sugar Association.

The Sugar Miller's Association and Government officials rejected KwaZulu's proposal.

"We are really going to take the sugar industry and the Government to task on this issue," said Chief Sitole.

Late last year he and his director, Mr Nico Smit, met members of the Sugar Association

They discussed the need for mills in KwaZulu "on the basis that Whites deliver cane to our mills as we deliver cane to their mills" The association's response was unfavourable

In fact, he said· "This proposal was met with the remark that there was no need to have a mill within KwaZulu becuse the White sector Quota was sufficient.

Chief Sitole also spoke on the "alleged weaknesses" in the system of land occupation, saying they could be overcome by effective land use.

He is chairman of the commission investigating land tenure in KwaZulu.

The land tenure report tabled last year has to be considered by the House.

Communal land tenure is the prevalent system in rural KwaZulu at present with land allocation i the hands of the chief.

Chief Sitole expressed satisfaction with the traditional pattern of rural settlement

~~(1) 150~~
(2) 186

# Judge says strike at bakery was avoidable

ARGUS 17/5/76

**IT was a great pity the management of Duens Bakery had not prevented a strike by adopting a more reasonable attitude towards its workers, Mr Justice Burger said today in the Supreme Court, Cape Town.**

He concurred with Mr Justice de Kock in upholding the appeals of 13 employees of the bakery who were convicted of illegal striking.

The workers' convictions and sentences of R100 (or 90 days' imprisonment) conditionally suspended for three years, were set aside.

The strike occurred on August 13 last year as a result of a dispute between the workers and management over the dismissal of four employees and over the setting up of a works committee.

**UNLAWFUL**

Giving judgment Mr Justice de Kock said the State had failed to prove the strike was unlawful.

In terms of the relevant Act, the State had to prove a report on the dispute had been submitted to the Bantu Labour Officer for the area and that a period of more than 30 days thereafter had elapsed.

There was no evidence on whether or not a report had been submitted The judge said the employees may well have submitted a report more than 30 days before the strike, because the dispute with the management over a works committee had been dragging on for many months.

Concurring with the judgment, Mr Justice Burger said: It is a great pity that the management did not, at an earlier stage, adopt a more reasonable attitude, then this strike would never have happened'

Mr J Slabbert appeared for the State, and Mr P. Hodes, assisted by Mr C. D. Steytler and instructed by Buchanan and Berman, appeared for the 13 men.

# Beef industry chaos feared

Star 4/3/76

**Farming Editor**

The president of the South African Federation of Livestock Auctioneers, Mr Fred Lategan, today predicted "chaos in the beef industry" if the floor prices of beef were not adjusted to accommodate the huge increases in marketing costs

Mr Lategan said railage on livestock had increased by 140 percent since October 1 1974 and marketing costs had rocketed by almost another 90 percent

Total marketing costs of a Vryburg farmer was R12 for a head in October 1974 It has now rocketed to R22 When the new City Deep abattoir comes into operation later this year it will increase to about R27, he said

"We have all expected rail tariffs to increase but a 50 percent increase in one swoop is much too harsh," he said

**EXCESS STOCK**

Mr Lategan expects a steep increase in meat prices after the winter, but so there might be a slight drop in beef prices before the winter as farmers marketed their excess stock to conserve grazing for winter

He said cattle feeders had taken a very hard knock with last year's low prices

Feedlots are only one quarter full "That is where our high quality beef comes from," he said.

Mr Lategan said floor prices would have to be increased 'The Meat Board and the Government will have to take a long hard look at the economics of beef production Higher floor prices is the only way we can protect our cattle farmers As it is we do not produce enough meat in the country."

186

# Strike: Court report

Cape Times 17/2/76

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(2 186

IN A CASE heard on January 30 this year when 14 men were found guilty of striking at Duens Bakery, the Cape Times reported the magistrate as saying the accused had been misled by the Department of Labour.

This was incorrect

The magistrate, Mr A van Z Cilliers, said "I do not know if I have the whole picture 100 percent clear. I have, for instance, heard nothing from the Department of Labour"

"I believe that they were misled by others What comes out clearly is that there had been a misunderstanding, a big misunderstanding between them and their employers over the manner of voting"

The "they" mentioned by the magistrate referred to the accused, and not to the Department of Labour

In a letter to the Cape Times, the Divisional Inspector of Labour requested that the magistrate be quoted correctly — otherwise there would be repercussions on relations between officials of the Department of Labour and the African labour force in the area

**14 [illegible]**

**FOURTEEN men charged with [illegible] an illegal strike at Duens Bakery last year, were found guilty by a [illegible] magistrate i Capo Town yesterday and each fined [illegible] (or [illegible] days), suspended for three years.**

Mr Vakele Mtsiba (44), and Mr Precious Tontsi (54) were discharged during the course of the proceedings because they were not identified by State witnesses

Three others were found not guilty because there was doubt as to whether [illegible] [illegible] They were [illegible] Gqabi (59), Mr [illegible] Fontein (46), and [illegible] Totvana Fumaruba ([illegible])

All 19 men had pleaded not guilty

SECRET BALLOT

Evidence was that the men who had been pre[illegible]ing for a workers' committee since December 1974, were dissatisfied with the management's decision that voting for representatives should be by secret ballot.

They maintained that most of the men were illiterate, and wanted to elect the men by a show of hands

They were also unhappy about the dismissal of four workers [illegible] the [illegible]

[illegible] the manager, Mr [illegible] Bouche, who asked them [illegible] they didn't want to go to work, and if there was a problem

WARNED

He said they were warned by the police that they were participating in an unlawful strike and asked to disperse or they would be arrested Those who remained were arrested at about 1[illegible] am

Cape Times 18/12/75

# Tongaat group's R4m profit for half-year

**Own Correspondent**

**DURBAN. — The Tongaat group made a profit, after tax, of R4 011 000 during the half year to September 30, 1975, compared with R3 320 000 in the same months in the previous year. Earnings per share amounted to 24,2c (19,9c)**

An interim report released yesterday states that an unchanged interim dividend of 5,5c has been declared

These results are based on the unaudited actual results of the group's non-sugar divisions plus half of the estimated results, for the whole of the current financial year, of the sugar division

The report says that the sugar division expects that its earnings will be about the same as last season. The building materials division should increase its contribution to group profits in spite of the slackness in the building industry

Growth in the foods and feeds division had improved after some slackness. On the other hand the company's poultry operation was still experiencing difficult conditions due to the need to move the poultry farm to make way for La Mercy Airport

Meanwhile the textile division expects to make a positive contribution to group earnings this year

The report adds that it is difficult to forecast Tongaat's final results but it has been estimated that overall earnings will be about R8 million [illegible] 1975 [illegible] representing 48c a share (1975 39,1c a share)

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# That meat rebate chokes butchers

RDM 18/12/76

Staff Reporter

BUTCHERS have labelled the Meat Board's new rebate scheme on high-grade beef a catch — because they can only claim the subsidy if they buy in large quantities.

Beef prices have spiralled since the concessions to traders were introduced last week. And the question now being asked is: Who is reaping the benefits of the subsidy?

Butchers cannot drop their prices because they are paying more on the wholesale price of quality beef. Wholesalers say they are passing the rebate.

The Meat Board is paying rebates of 7c a kg on super beef carcasses weighing 180 kg or more, and 5c a kg on super carcasses weighing less than 180 kg. Beef trade buyers can also claim a rebate of 3c a kg on heavy prime carcasses.

But a Johannesburg butcher said "It's just a catch. You have to buy eight carcasses a week to qualify for the rebate."

• Mayfair butcher, Mr D V Derieux, said: "Customers are all asking for quality beef and the high prices are causing a lot of confusion. The Meat Board should reduce the floor price of quality beef."

Mr Gerrie Marais, general manager of the Meat Board, said he was satisfied that wholesalers were passing on the rebate to butchers.

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PETIT, Pierre-André, born 25th December 1944 in Bo...

STUDIES, DEGREES AND DIPLOMAS

- Baccalauréat (Philosoph...
- Two year training for t... ...ieure (rue d'Ulm) in (Bordeaux) Lycée Michel Montaigne
- Certificat d'Études ... B.A. Classique: French, Latin and Greek
- Licence ès Lettres classi... ...nd Greek - University of Bordeaux, 1968)
- Maîtrise ès Lettres mode... Gide University of Bordeaux, 1969)
- Master's Degree (M.A.) in ... Pennsylvania, U.S.A., 1972)
- Doctorat ès Lettres (3ème ... ch contemporary civilization) (University ... research in progress: Doct... the thesis: André Gide critique(s)...

TEACHING EXPERIENCE

- 1968-1969: ... (Instructor)
- 1968-1969: Villanova University ... U.S.A. (Lecturer)
- summer 1969: ...d'Études fr... University of ...
- 1969-1970: University of Pennsylvania (Teaching Assistant)
- 1970-1971: Haverford ... (Teaching Assistant)
- 1971-1973: West Chester State ... (Visiting Lecturer) (Assistant Pr...)
- since 1974: University of C... (Lecturer)
- present position: ...

COURSES AND LECTURES GIVEN

- Elementary ...
- Elementary and Intermediate French, by individualized methods
- French I, II, III (language and grammar)
- French conversation
- French civilization (traditional and contemporary, undergraduate and graduate)
- Stylistic exercises (graduate seminar)
- The 20th century French novel
- Survey of French 19th and 20th century literature
- Contemporary French theatre (Anouilh, Sartre, Beckett, Ionesco, Genet)
- French novel and cinema (seminar)
- André Gide: autobiography and the novel (seminar)

# More thought for food is essential

Star 9/12/75

**South Africa lacks proper food scientists — and without them she is heading for an inevitable food crisis says PROFESOR B H KOEPPEN, Professor of Food Science at the University of Stellenbosch.**

The food industry, by whatever standards it is measured, is the world's largest and this is hardly surprising Food is man's most basic requirement

As the world faces the prospect of its population doubling by the turn of the century, while climatic and topographical factors set limits to agricultural potential, food will become an increasingly scarcer and more valuable commodity

Food scientists and technologists face the challenge, not only of eliminating all wastage in the processing and preservation of agricultural produce, but also of short-circuiting many conventional agricultural procedures by developing nutritious foods more quickly and efficiently from new and unconventional sources

South Africa is by no means immune from this impending food crisis, or from the need of scientific resources to combat it, and the prospects for the future are alarming

According to World Bank statistics, South Africa has one of the highest population growth rates in the world and it is the second highest in Africa

At the same time, we are currently wasting food to the value of R500-million annually, according to an estimate by the Director of Agricultural Information of the Department of Agricultural Technical Services

South Africa is nevertheless one of the world's major food exporters, and despite the fact that so much of the country is unsuitable for agriculture, the Republic has the potential to support a population of at least 50-million, according to Government predictions

Yet such predictions appear to disregard the indispensability and continually increasing importance of processing and preservation in the food chain, and our own food industry leaves much to be desired

Of food exports totalling R904-million last year, the value of sugar exports (R233-million) was greater than that of all other processed foods combined There is surely much room for improvement

Moreover, although many of our manufactured foods are of excellent quality, there is no room for complacency. Many are being produced under licence from overseas companies, while throughout the industry heavy reliance is placed upon imported machinery, imported technology, numerous imported ingre- [illegible]

degree of self sufficiency, then we must start by developing our own brainpower and technical expertise.

South Africa boasts more agricultural scientists than all the other countries of Africa combined, yet for the past 24 years we have been producing an average of less than two food scientists each year In addition, facilities for training food scientists and technologists exist at only one university in the country and are totally inadequate to meet the country's present, let alone future, needs

In this respect, the most industrialised and prosperous country in Africa is put hopelessly to shame by developing countries such as Ghana, Nigeria and Libya

At the technician level, the situation is equally alarming. In most civilised countries schools exist for the training of bakers, confectioners, butchers, brewers and other technicians for the various branches of the food industry Additionally, legislation on technical and professional training ensures that licences are issued only to those who attain the necessary degree of competence

No similar training schools, established in terms of legislation governing the food industry exist in South Africa

It is left to each branch of the industry to train or obtain its technical personnel as it thinks best

One has to be professionally qualified to practise as a doctor, dentist, or pharmacist, but any Tom Dick and Harry can set himself up as a food manufacturer Is it, therefore, surprising that there is so much room for improved efficiency in our food industry?

Lack of adequately qualified personnel and an inefficient system of control also permit ignorant, even unscrupulous, manufacturers to flout food laws by marketing adulterated foods, or by making unsubstantiated or false claims for their products Food legislation exists to protect the consumer, but the best laws in the world are useless unless they are enforced

Without adequate provision for education in this important field, these much needed changes will not be possible, and the country's looming food crisis, with all its dire consequences, will not be averted It is of vital importance to everyone that immediate action be taken to rectify the situation

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3 AG

186

# ADDRESS BY SENATOR THE HONOURABLE OWEN HORWOOD, MINISTER OF FINANCE, AT THE OPENING OF NEW VICTORY FEED MILL AT WORCESTER ON FRIDAY, 5 DECEMBER 1975

For Release : 12h00 on 5 December 1975

Mr. Chairman, distinguished guests, Ladies and Gentlemen,

I thank you for the kind invitation to be your guest today and for the privilege to have officially commissioned your new mill - an auspicious occasion in the history of your company as this project not only represents a significant investment of some R2 1/2 million but will no doubt also enable your company to live up to its motto of "growth through service" even more fully than in the past.

We ............... 2/.



We have all today been witnesses of change, change in the sense of progress in the handling and milling of grain and its preparation for the consumer. Change has become part and parcel of the world in which we live, though I must admit that the tempo at which it has been taking place over the past two to three decades has been completely unprecedented and tends to leave one just a little breathless and bewildered at times.

Looking at the economy, for instance, we find that not many years ago the emphasis still lay heavily on the agricultural and mining sectors, their contributions to the gross domestic product averaging 15,4 and 11,5 per cent respectively during the years 1946/50. Manufac= turing at that time accounted for some 16,4 per cent of

the .............. 3/.

the product. The emphasis has now shifted completely and the Republic is becoming more and more an indus=trialised country with the average contribution of the agricultural, mining and industrial sectors over the years 1969/73 now amounting to 9,1, 11,1 and 23,5 per cent respectively.

This decline in the contribution of agriculture should, however, not be seen as a decline in the overall importance of agriculture. Changes have also taken place in the distribution of South Africa's population and we find that as a result of the industrialisation process more and more people flock to the cities and more therefore become dependent on the surplus production of

agriculture ..... 4/.



agriculture.

The food shortages the world experienced during 1974 and 1975 have once again underlined the importance of agricultural production. Though South Africa has to a very large extent escaped the harmful side-effects of the decline in the world's total agricultural production and has profited directly on the supply side as a result of increased world prices, we must not take it for granted that this will necessarily be the case in years to come. Projections of South Africa's population show that the inhabitants of this country will exceed 50 million by the year 2000, which means a doubling of our present population. The major part of this increase will be in the cities and everyone living on

the ............ 5/.

the land will therefore be responsible for providing for the feeding of ever-increasing numbers of people. Our ability to export will therefore become progressive= ly smaller in time to come unless productivity is substantially increased.

Although it is true that as a country's economy develops, so does the proportion of its population actively engaged in agriculture tend to decline, we find that South Africa's agricultural sector is still the major employer, providing a livelihood for about 30% of the economically active population. The manufacturing sector in contrast provides a livelihood for about 15%

of .............. 6/.



of the economically active population.

Die landbou is egter nie net belangrik as 'n voedselvoor= siener van die stedeling of as 'n werkverskaffer nie, maar voorsien ook baie van die grondstowwe vir die ander sektore waaruit baie stedelinge hulle bestaan maak. So het die fabriekswese in 1975, 60% van die totale produksie van die landbou opgeneem. Meer as 80% hiervan is deur die verwerkte voedselbedryf opgeneem en hierdie bedryf is dus verreweg die belangrikste verbruiker van produkte van die landbousektor. As ons verder in aanmerking neem dat die verwerkte voedselbedryf die tweede belangrikste groep in die fabriekswese is en 12 1/2% van die totale produksie van dié sektor uitmaak moet ons erken dat landboukundige ontwikkeling steeds tot groot mate 'n voorvereiste is vir industriële

ontwikkeling .... 7/.

ontwikkeling. Die pas waarteen nywerheidsontwikkeling plaasvind word tot 'n belangrike mate bepaal deur die pas van ontwikkeling in die landbou en die surplusse wat deur die landbou opgelewer word. In die ekonomiese ontwikkelingsproses is die landbou en die nywerheid nie mededingende faktore nie maar word die een deur die ander aangevul.

Hierdie landbou surplusse is egter nie net belangrik omdat hulle die insette van die nywerheid verskaf nie maar ook omdat hulle vir Suid-Afrika belangrike ver= dieners van vreemde valuta is. So word geraam dat ons mielie-uitvoer vanjaar ongeveer R400 miljoen sal verdien terwyl verdienste uit wol gedurende 1974 'n

bedrag .......... 8/.



bedrag van R119 miljoen beloop het. Suiker-uitvoere het gedurende 1974 R233 miljoen beloop en landboupro= dukte het 30% van ons land se totale uitvoere (goud uitgesluit) verteenwoordig.

Die totale oorsese verdienste van die landbousektor oor die ses jaar tot 1974 het ongeveer R3 852 miljoen beloop, wat voldoende was om vir meer as die helfte van ons totale kapitaaltoerusting wat in die jare ingevoer is, te betaal. Nie net die landbou nie maar ook die nywerheid is baie afhanklik van die beskikbaarheid van hierdie invoere. As ons voor oë hou dat Suid-Afrika betreklik skraal bedeeld is met bewerkbare grond, dan moet dit as 'n goeie prestasie beskou word dat slegs 5% van die land se voedselbehoeftes ingevoer hoef te

word ............ 9/.

word en dat dit hoofsaaklik produkte is wat in ieder geval, weens klimatologiese redes, nie plaaslik in voldoende hoeveelhede geproduseer kan word nie soos byvoorbeeld rys, koffie en tee.

Neem ons egter in aanmerking wat die hoeveelheid grond tot beskikking van die landbou gegewe is, dan beteken dit eenvoudig dat indien die landbou-opbrengs van die Republiek vergroot moet word, dit tot 'n baie groot mate deur verhoogde produktiwiteit sal moet geskied.

Daar sal dus steeds gesoek moet word na doeltreffender tegnieke in die produksieproses, grondstowwe sal beter benut moet word en die kostebesparende voordele van

massaproduksie ... 10/.



massaproduksie sal ingespan moet word. Ons dink hier veral aan beter variëteite grane, vrugte, groente, diere wat doeltreffender vleis, wol en melk produseer en die beter bewerking van grond, beter weimetodes en 'n intensiewer benutting van die grond in die algemeen.

Ek het in die begin verwys na die verandering wat gedurig plaasvind en dit is werklik verblydend dat die verandering ook nie in die boerderybedryf uitgebly het nie. Die groot aanleg wat vandag geopen is, is tewens 'n konkrete bewys van hierdie veranderings.

Die verwerking van graan vir menslike verbruik is natuurlik reeds 'n lank erkende gebruik maar ten opsigte van die dier het dit eers in die jongste tyd 'n baie belangrike aktiwiteit begin word.

Die ............. 11/.

Die verwerking van ruvoere en graan en die meng van gebalanseerde rantsoene het reeds 'n groot bydrae tot die verhoging in die produktiwiteit van die landbou gelewer. Die voer van gebalanseerde rantsoene het dus nie net iets gebly wat slegs aan die landbouwetenskap=like bekend is nie maar ook aan elke boer en produsent van diereprodukte. Produsente wat nie met hierdie veranderings tred hou nie sal noodwendig op die lange duur uitsak omdat die ondoeltreffende gebruik van dierevoer en die relatief hoë bydrae wat dit tot die produk se totale koste lewer, spoedig sulke produsente in 'n verlies posisie sal plaas. As ons net byvoorbeeld dink aan intensiewe vleisproduksie dan besef mens gou hoe 'n fyn wetenskap die voeding van diere al geword het.

Dit ............. 12/.



Dit is nie net bloot die voer van 'n gebalanseerde rantsoen wat 'n rol speel nie maar die voer van 'n spesifieke rantsoen aan die regte tipe dier op die regte tydstip in sy groeiproses en hierdie rantsoen moet ook net vir die regte tydsduur toegepas word.

It is therefore evident that the judicious use of animal feeds will become progressively more important as this cost factor rises and producers undertake the production of livestock on an increasingly intensive scale to meet the needs of the ever growing population.

I wish, in conclusion, to express the hope that the plant commissioned today will make a substantial contribution to further developments in the agricultural

sector .......... 13/.

sector and to the ability of this sector to supply the country's nutritive requirements in the years to come.

ISSUED BY THE DEPARTMENT OF INFORMATION
AT THE REQUEST OF THE MINISTRY OF FINANCE.

PRETORIA. 5 December 1975.

UITGEREIK DEUR DIE DEPARTEMENT VAN INLIGTING
OP VERSOEK VAN DIE MINISTERIE VAN FINANSIES.

PRETORIA. 5 Desember 1975.

① 186
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# Prices easy to pass on

Star 24/11/75

**It has been too easy in the past for manufacturers to pass on increased costs to the consuming public because the public has always had rising incomes, said Dr Lawrence McCrystal, Director of the Grocery Manufacturers' Association**

He was taking part in a discussion on inflation and productivity on Radio Today with the Assistant General Secretary of the Trade Union Council of South Africa, Mr Robert Kraft, and Mr Dick Sutton, personnel manager of South African Breweries

Dr McCrystal said that passing on higher prices to the consumer had been an easy way out for manufacturers.

There is a need in top management, he said, to improve the economic system

He said management sometimes drew up sophisticated productivity plans "and labour doesn't understand what's involved"

**QUESTION MARK**

Mr Kraft said that an afternoon of golf and business lunches — a regular occurrence in management — "create a very bad impression on the workers, and it puts a question mark on the credibility of some of their proposals."

Dr McCrystal added that it was "inevitable" that with an anti-inflation policy there would be a rise in unemployment.

"If an economic system is out of gear, as ours has been, the normal market place would require an increase in unemployment and that is the only way in which you can break this vicious circle.

"I think we are going to get by with a limited increase in unemployment because we are still having a positive growth rate."

# SUGAR: THE AMERICAN CONNECTION

1 Capital
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Sun. Tribune
23/4/81

**By Vic Hanna**

THE South African Sugar Association has arranged a 25 million dollar borrowing facility with one of the largest banks in the United States.

The facility was arranged by the general manager of the association, Peter Sale

The 25 million dollar line of credit has been made available on the basis of a year to year review. Should the facility be used the interest rate payable by the association will be linked to the current market rate at the time of taking up the loan

Negotiations were opened with the bank some time ago and during August this year a two-man investigating team from the American bank visited South Africa to study the sugar industry.

"We are not borrowing the money at the moment," says Peter Sale, "but by establishing the facility we have cleared our credentials with the American bank"

The arrangement provides for the association to take up the loan in any currency of its choice.

Peter Sale is particularly happy with the terms of the arrangements especially as the association is not paying commitment fee for the facility

**Peter Sale ... "We've cleared our credentials"**

## 25m dollar loan facility

And by establishing its credentials with one US bank means that the association now becomes a known quantity on the American money market and can deal with other institutions without lengthy familiarisation discussions

The Sugar Association up to now has used London banking facilities to finance the dealing that it undertakes on the world sugar markets

The degree to which it is operative on the international money scene was proved last year when loans totalling R230 million were arranged by Peter Sale.

The American connection was needed, he says, to provide flexible financing arrangements for the association

"When one operates on the US sugar terminal market one has to put up money by way of deposits in domestic US dollars So we had to arrange a facility of this kind."

By the end of this year the association will have delivered a total of 125 000 tons to the US since the termination of the Sugar Act at the beginning of this year.

In terms of that Act, South Africa's quota to the US was 55 000 tons So the termination of the Act has led to a huge surge in sugar deliveries to the US One of the reasons in delivering higher tonnages is to establish a past performance of delivery so that, in the event of a re-introduction of a quota system, there is the possibilty that South Africa's allocation could be higher than before.

"The American refiners have shown a distinct liking for the quality of South African sugar which, coupled with the rapidity with which we can ship from our Durban terminal, has provided us with a very good market," he says

As yet the association has not opened an American office similar to the one in London because "we do not want to run the danger of being classified as trading in the States with consequent taxation problems."

"At the moment we prefer to deal through brokers"

With the association becoming more active on the overseas market similar tie-ups with banks in Canada, West Germany and Japan are a distinct possibility.

3-sugar
248 (186)

# CANS TO COST MORE

18/11/76 NM

Mercury Correspondent

JOHANNESBURG — Some canned goods could cost a lot more at the beginning of next year, and price increases on chocolates, condensed milk and other household products could come sooner.

The managing director of H. Jones and Co., in Paarl, Mr. S. Burger, yesterday said: "Not only has the recent increase in the price of sugar affected us, but also increases in canning, labour, railage and fuel costs.

"Consumers can expect substantial increases".

His company makes Silver Leaf, IXL and All Gold products.

A spokesman for Nestle yesterday said a price increase for condensed milk and chocolates could be expected.

RDM 14.11.75

# Sacked biscuit workers taken back

**Labour Correspondent**

WESTON BISCUITS has reinstated the 16 African women workers sacked earlier this week and the company will hold talks with the Sweet, Food and Allied Workers' Union, to which the women belong.

This was confirmed by Weston's managing director Mr Albert Yates, yesterday and by the union's general secretary, Mr Shakes Sikhakhane.

Both also confirmed that the women would be taken on in the same capacity as all other workers, except they would not be forced to do night work and would not have to work overtime if they did not want to.

Mr Yates said the women had also been given an assurance there would be no victimisation resulting from their sackings.

He said he wanted to meet the union general secretary to thrash out a number of issues.

Mr Sikhakhane said one issue which the union would take up with the company was the question of night shift for women.

"We want this scrapped for all women workers," he said.

The women who have been reinstated were sacked on Monday. Management at Weston claimed this was due to their falling productivity as a group. The women said they were sacked because they had refused to work 12-hour shifts on night work.

Question ........
Write on both sides of the paper

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# Yes, we sacked them, admits Weston Biscuits

R.D.M. 18/11/75.

(1) 186
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(3) ~~249~~
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By CLIVE EMDON
Labour Correspondent

WESTON Biscuits in Springs has admitted sacking 16 African women — but claims it was a decision made because of dropping productivity and not because the workers refused to do night work.

The company yesterday also produced wage slips showing that the sacked workers were paid a special night allowance calculated at 20 per cent of basic pay. This refuted the workers' claim that there had been no compensation for night work.

The women, all members of the 1,000-member Sweet, Food and Allied Workers Union, claim they have been victimised because they did not want to work night shifts.

Yesterday Mr Joseph Bloom, chairman of the parent company, Premier Milling, and Mr Albert Yates, the newly-appointed managing director of Weston, took me to the factory for an on-the-spot investigation into the sacked workers' claim.

The sacked workers, who constitute a group of packers, claim they are more productive than a similar group which works alongside them. They said they were more experienced than the other group and packed more almost every day.

Despite producing numerous daily records the management of Weston was not able to show me how the assessment of this group's diminishing productivity had been established.

Ultimately management said it was its prerogative to make assessments on its workers. It regarded its productivity targets as reasonable, and these had been achieved in the past.

Meanwhile the sacked workers again travelled to Johannesburg yesterday from Springs to discuss the issue with their union.

# Court told of bakery strike

Cape Times 11/11/75

12/81

**Staff Reporter**

NINETEEN men, who were alleged to have gone on strike at a city bakery after the management dismissed four workers, appeared in the Cape Town Regional court yesterday on a charge under the Bantu Labour Regulations Act of refusing to perform their duties

The men are. Mr Willem Mquoquo, 73, Mr Shorty Gqabi, 59, Mr Lowel Somtseu, 46, Mr Robson Mkewa, 33, Mr Elijah Nxati, 60, Mr Zoltle Matkiknea, 39, Mr Totwana Fundagubi, 48, Mr Stanford Xego, 50, Mr Richard Ramba 65. Mr Vakele Mtsiba, 44, Mr Tommy Koba 57, Mr Milton Sigidi 47 Mr Abraham Xokwe 46 Mr Herbert Ntaba 47 Mr Mzumbansi Jama 46 Mr Precious Jonisi 54, Mr Bukazi Nomatshaka 47, Mr Johnson Yamba 30, and Mr Joseph Ma uso 49 All pleaded not guilty

Mr Flip Fouche administrative manager of Duens bakery, Woodstock, said that on August 11 about 130 workers, meant to have started work at 6am, were gathered outside the factory at 6.40am They wanted to elect a workers' committee and threatened to gather outside the next morning if their demand was not met

"We viewed it in a serious light and decided to take drastic action by dismissing four of the workers."

The next day the workers struck again, demanding that their colleagues be re-employed and that a workers' committee be established immediately These demands were refused and police were called in when the men refused to go back to work

Mr A van Zyl Cilliers was on the bench Mr F Siberts prosecuted and Mr C Stexller appeared for Mr Yamba The other men were represented by Mr P B Hodes together with Mr Stexller

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# Premier Milling

F.M. 7/11/75
(186)

**Sales went up** 16,6% to R230m (R197m) on the half-year to end-September, partly in reflection of improved exports The gain in taxed profits, however, was considerably more marked, at 26,5% to R8,7m (R6,9m).

Clearly, the well-known efficiency of chairman Joe Bloom and his team continued to work its own magic in the face of double-digit inflation. An examination of the figures suggests however, that the growth in this latest half-year was not quite so dynamic as previously, despite the modest rise in the interest bill this time from R3,4m to R3,8m.

Earnings come out at 34,1c (26,95c), of which increase shareholders get 2c more to make their half-time payment 13c. That seems a reasonably conservative approach to the current economic picture, where ploughbacks have acquired a dominant role.

# Premier Milling keep up profit record

D.D. 1/11/75

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(2) 186

JOHANNESBURG — Premier Milling has maintained its excellent profit and dividend growth record at the halfway stage on improved productivity and increased exports.

Estimated taxed profit is up 26,5 per cent to R8 737 000 for the six months to September, 1975, for the previous equivalent half-year's R6 903 000.

The interim dividend has been raised to 13c from 11c as earnings climbed to 34,1c, from 26,95c.

The chairman, Mr Joe Bloom, predicts that profits in the second half of the year should at least equal those achieved so far, in spite of the higher fuel price.

Mr Bloom pledges that the group will not pass on the fuel price increase to customers in conformance with the anti-inflation manifesto

Premier Milling's turnover is partly the reason in the past half-year, but the giant size of the turnover grew at a slower rate It was R230-million for the six months, up 17 per cent on the 1974 half-year's R197 million.

Last year turnover rose by 24 per cent to R403-million and the taxed profit increase was 27,4 per cent to R14 772 000, in spite of a 75 per cent rise in interest charges.

Prem Mill's increased efficiency is seen in the improved pre-tax return on turnover, up at 7,74 per cent from the 1974 half-year's 7,35 per cent and the full previous year's 7,42 per cent

Mr Bloom expressed determination that the group would beat higher costs by tightening up operations The group did the right thing to buy Unilever's stock feed business for R2 million plus an unspecified sum for the stock taken over instead of spending R7 million on a new animal feed and pet food plant at Isando.

The capital spending figure is still high at R9 600 000 but at least the increase in interest charges has slowed down

Last year it leapt by 75 per cent to R7 260 000. — DDC.

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345 29/10/75

**FOOD MANUFACTURERS are helping the supermarkets in their war against prices. Supermarket executives are trying this week to negotiate lower prices with suppliers so that further reductions can be made in the shops.**

And a spokesman for Grand Bazaars said today: 'We are getting quite a lot of co-operation from all the people we have approached.' So far Checkers and Pick 'n Pay, the two chains who begun the price war, are the only ones with their new lower prices in force.

Some prices have been reduced at Grand Bazaars, who entered the battle late on Monday. But the main ones are still to come.

'We stock about 30 000 items,' explained a spokesman. 'We have decided on price cuts for things important to the consumer. But it takes some time actually to change the price tickets on goods in 15 stores.'

It was only this morning that Pick 'n Pay had altered the tickets on a quarter of their range to be cut in price.

'But we are reducing more prices as we go along,' said a spokesman.

### 'Massive'

OK Bazaars, who decided yesterday to enter the price war, will have some prices reduced by tomorrow.

'But the whole impact of our campaign will come at the end of the week,' said regional manager Mr Carlo Pullini. 'It will be a massive operation.'

Mr Pullini said the OK price-cutting campaign would be carried on for as long as possible, to support the Government's anti-inflation manifesto. No time limit had been set.

The crunch will come at the end of the week, when thousands of people who have just received their monthly pay cheques do their shopping.

### Volume

The price cuts mean the supermarkets will need a greater volume of trade to make up their losses.

A Grand Bazaars spokesman said: 'Without that I do not see that the price war can be carried on for very long.'

Both he and a spokesman for Checkers said they were disappointed to find the public thought the price cuts should be more than a few cents.

'I think that when they have seen how much these cuts of two or three cents an item reduce a big monthly shopping bill, housewives will appreciate their effect,' said a Checkers spokesman.

Two other firms said today they had been waging a war against high prices for years

# ANXIETY OVER CLOSURE OF SUGAR MILL

Mercury 25/10/72

186

Mercury Reporter

**MORE than 60 Renishaw Indian families are worried over the announcement by the owners of the local sugar mill that it will be shut down next month, leaving two-thirds of the Indians without jobs.**

Yesterday, Mr. J. N. Reddy, executive chairman of the South African Indian Council, promised to take action to help the families affected

The families have also been told to quit their company homes within three months of the mill's closure. Mill workers interviewed said they were concerned about the future

Mr. Roy Naidoo, a sampler's assistant, said he was among those who would be out of a job.

"There are only 20 Indians, mostly skilled workers, who will go over to the Sezela mill Many of them, however, are not keen to leave their homes at Renishaw to live at Sezela"

Mr. Naidoo said those who accepted jobs at the Sezela mill would not be considered for benefits. "Only those who face the sack will be paid out, but we dont know how much we will get," he said

The local Renishaw school for Indians will also be hit and also faces closure The principal, Mr. H. Moodley, said the school had a gloomy future.

"The roll has already decreased and when the mill closes next month more children will leave. We will know the true position in January when the three months given to more than 60 families expires. This will become a ghost town and the school will eventually have to close," he said.

A mill spokesman, Mr. L. K. Sparks, refused to comment of the shut down of the mill "The mill closes down next month and many of the workers have been given other jobs," he said.

Mr. T. C. Crookes, the chairman of the company, was quoted as saying that the mill premises might be used by some other industry in order to provide some employment for the affected Indians

The mill has been sold to the South Coast Mill at Sezela which will be expanded.

Mr J N. Reddy appealed to the affected workers to inform the Department of Indian Affairs of their plight

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Cape Times 18/10/75

~~(1) Fishing~~ (2) 186 (3) ~~315~~

# Fish firm retrenches

IRVIN AND JOHNSON, a Cape fishing company, has retrenched 200 employees out of its work force of 8 000.

Mr R. L. Gaywith, the company's managing director, told the Cape Times yesterday that the reduction in staff had been forced by poor fishing catches over the past few months.

Most of those retrenched were Blacks employed on the cleaning and processing section of the production line. Redundancies were inevitable when the volume of fish intake dropped, Mr Gaywith said.

# Sugar giant is planned

Mercury 16/8/75.

(186)

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See also Agric - Sugar

**Financial Reporter**

**A R50m sugar giant will emerge from the proposals made yesterday to merge the sugar interests of the Smith Group. It will be second in size to Huletts on the Stock Exchange sugar list.**

In a proposal put out by Standard Merchant Bank and Union Acceptances yesterday Reynolds Brothers will offer 85 shares for every 100 shares in Gledhow. At the same time, C. G. Smith and Company will pass on control of the Umzimkulu Sugar Company to Reynolds

The group will be named C. G Smith Sugar and will also take over the shareholding in S A. Sugar Distributors (44,2 percent) and the two warehouses owned by the group in Durban It will run five of the industry's 19 mills

C G Smith Investments, the quoted company in the Smith Group, will have [illegible] 53,6 percent holding in the new group if shareholders accept the offer and C. G. Smith will hold 18,6 percent of the company.

Documents are being prepared. No dates for the scheme are available but the directors anticipate being able to pay a 20-cent interim dividend in January next year and 40 cents for the year ending March, 1976.

Prospects of the combined operation are considerable. The group will hold a 10 percent stake in the Stanger Pulp and Paper Mill, which is now held by Gledhow. The furfural plant, which is now under way at Sezela and operated by Reynolds, should provide profits once it is fully operational.

In addition, the group will hold shares in Crookes Brothers, which is concerned mainly with sugar farming and citrus estates.

Also, there will be the holdings in the C. G. Smith Company, which has investments in tex- [illegible]

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# Biscuit maker's big price cut

Star 15/10/75

As prices surge up and up, there is the occasional relief for the consumer Fattis Biscuits of Isando yesterday announced a 50 percent cut in the price of their Marie biscuits.

Mr John J Moni, managing director of Fattis Biscuits, said at a Press conference yesterday that his company felt the "high prices now being asked by the biscuit manufacturers has put biscuits beyond the reach of the average consumer"

The R30-million per annum biscuit market was stagnant because of two price increases announced so far this year, he said

Consumer resistance in the biscuit market was the manufacturers' own doing

Marie biscuit sales made up about 25 percent of the market and he was perfectly satisfied that the new price was realistic

At the Press conference, Mr E Apter of Checkers and Mr R Horwitz of OK Bazaars pledged their stores would sell the biscuits at 12½c for a 225g packet. The old price was 24½c

Pantene hair products have increased their prices by six percent from today.

Certain lines, however, have been increased by more than six percent. The 100 ml bottle of hair tonic is now nine percent more expensive.

The marketing manager of the company, Mr A E Wright, blamed the price increases on higher advertising fees, wages, transport costs and packaging

"The 100 ml bottle now costs nine percent more to absorb the 47 percent increase in the price of the glass container, the 35 percent increase of the cardboard box and the 21 percent increase in the shipping costs" he said

Mr Wright said his firm was absorbing most of the increases

*Any reader who believes that a price has been increased unduly, and has concrete evidence of the increase, should telephone The Star's price investigator at 838-4518. This service will operate from 8 am to 1 pm.*

FM 10/10/75

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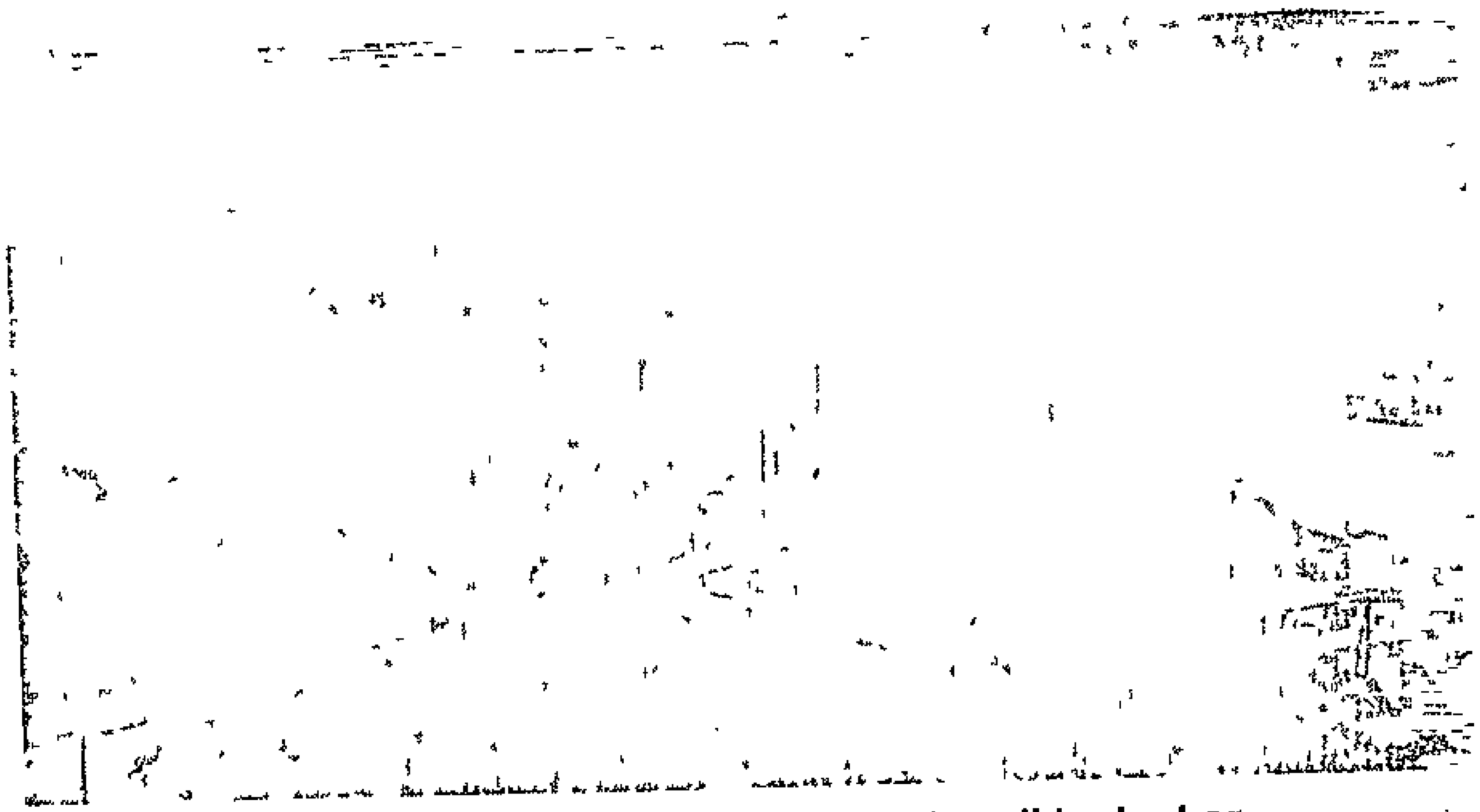
## Sweet and sour

**Though devaluation** will give the sugar industry an extra R20m in foreign earnings it will by no means be a complete bonanza

Running costs will be that much higher, though doubtlessly not nearly so high as to absorb all additional rand receipts And whatever extra earnings there are will probably go into the Price Stabilisation Fund — R94,4m at the end of last season — to help minimise, the industry argues, a badly needed local price increase.

Currently the industry's economics are being investigated by the Board of Trade. A revised costs and returns formula looks probable, replacing the existing one allowing growers a 7% return on conservative replacement values of cane farms, and millers 14% on historical value of assets.

Though the timing, in the light of Pretoria's anti-inflation call, could hardly be worse, local and export sugar prices would make it seem the industry is skating towards (if it's not already on) pretty thin ice.



Sugar mill . . running costs will be higher

After two local price reductions by then Ministers of Economic Affairs Louwrens Muller (February 1972) and Owen Horwood (November 1974), sugar f o b Durban is R108/t for refined and R101/t for brown But on the existing price formula the industry puts production costs at R170/t So exports are heavily subsidising the local price

Should the London Daily Price (LDP) drop a mere £7 below the present level of around £162/t, and continue to do so next season, the industry will move into the red For instance, on an average sugar production of 1,8 Mt the industry (at R170/t production) needs a revenue of R306m to break even With 1 Mt of local market sales at a weighted average of R106/t (for refined and brown) it would still mean R200m needed from exports, or about R260/t including local charges That would mean an LDP of around £155/t (being £145 at R1,79 £1 plus, say, £10 for freight and insurance)

In a bad year, producing only 1,5 Mt, the break even would be around £182/t, or £20 higher than the reigning LDP

# Crown Mills moves HQ to Cape Town

(186)

Sun Times (Bus Times) 28/9/75

By GORDON KLING

CROWN MILLS, the listed spice, butchers' and catering equipment supplier, is moving its headquarters from Johannesburg to Cape Town, where a new office and factory are to be built.

This was disclosed yesterday by Crown Mills' chairman, George Behrman, who said a site for the new complex was acquired in Maitland this week at a cost of R200 000. The deal was negotiated by Larry Ziman, managing director of Metropolitan Property Trust.

Mr Behrman said the premises would cost about R500 000 and be ready for occupation by this time next year.

"The plant will have double the capacity of our present Cape Town factory (expropriated by the Department of Community Development) and be the most modern of its type in Southern Africa.

"The building will also accommodate the offices of the holding company and subsidiaries."

Mr Behrman said the move was "an administrative practicality" following the purchase of a large block of Crown Mills shares by Cape Town business man, Douglas Jooste, 18 months ago.

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Mercury 24/9/75

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# Prices feud

Mercury Correspondent

CAPE TOWN—Suppliers of certain foodstuffs have already tried to take advantage of devaluation by raising the price of their products but the supermarkets have refused point blank to go along with them.

This was disclosed yesterday by Mr. Raymond Ackerman, chairman of Pick n' Pay.

Mr. Ackerman warned that the strictest watch should be kept on suppliers and retailers who were trying to sell old and existing stocks at new prices, using devaluation as an excuse.

He said: "We have already had certain suppliers telephoning us to say that their prices were going up and we have refused point blank to have anything to do with them or take any orders from them."

He said that, legitimately, the prices of locally produced foodstuffs should not go up until shortly before or after Christmas.

This would happen because of the increasing price of equipment and raw materials.

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Sunday Tribune 21/9/75

(1) Agric-Sugar

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# R40M SUGAR PLAN FOR KWAZULU

A VAST R40 million sugar scheme involving the establishment of a new sugar mill is being considered for KwaZulu.

VIC HANNA
FINANCIAL EDITOR

An investigation into the viability of the scheme is to be conducted by an international group of consultants and, it is believed, the R40 million is to be supplied by a consortium of French banks

It is understood negotiations have been conducted by representatives of the KwaZulu Government, currently in Europe, and the French consortium

The scheme, should it be considered viable, would have to be submitted to the Board of Trade for its approval

Under investigation is the establishment of an entire sugar industry complete with farming units, transportation network and a mill.

Sugarmen maintain that the minimum size for a viable mill is one that can produce around 100 000 tons of sugar so it is possible that the KwaZulu scheme will be geared around a mill of this size

Last year the giant Lonrho group tried to get a R20 million sugar mill established at Melmoth but the plan was turned down

The present return allowed by the sugar revenue distribution formula on milling and growing is presently under discussion The South African Sugar Association is currently meeting with representatives of the Board of Trade in an endeavour to increase the return permitted on sugar production investment

And it is possible that a new formula would make the establishment of the KwaZulu sugar scheme a viable proposition

As yet the Sugar Association has not been officially approached about the new scheme and chairman Anson Lloyd said this week as he did not have any details of the scheme he could not comment

Should the scheme get off the ground it would provide an enormous boost for the emerging homeland

A mill producing 100 000 tons of sugar a year would crush around 900 000 tons of cane being produced from 16 000 hectares of land And the total project could employ around 8 000 people

At the moment the sugar industry produces sugar for around R170 a ton but this is based on plant that in some cases is very old and on already established canelands

To bring a completely new project into operation would result in a much higher cost figure, probably in excess of R200 a ton

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# Strikers arrested

RDM 16/9/75

**Staff Reporter**

POLICE yesterday arrested 139 Rustenburg Bakery workers. The Africans had earlier gone on strike after demanding a R5 weekly pay increase

On Sunday afternoon 42 employees went on strike demanding higher wages. They were persuaded to return to work but at 10 30 pm 29 walked out. At 3 am yesterday another 34 workers struck, followed at 7 am by a further 76 Africans.

At 9 am yesterday the 139 strikers were arrested. A police spokesman said every effort had been made to persuade the strikers to return to work. The workers had earlier been addressed by a Department of Labour official. The bakery employs a staff of 280.

Natal Mercury 16/9/75

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# Pay strike — 139 held

Mercury Correspondent

**JOHANNESBURG — Nearly half the 280 African workers at a Rustenburg bakery went on strike for an extra R5 a week and were arrested yesterday for illegally striking.**

A police official said every effort had been made to persuade the strikers to return to work pending discussions, but they would not listen to a Mr. Slabbert of the Department of Labour.

The policeman said the bakery used a shift system.

On Sunday afternoon, 42 African employees went on strike demanding an extra R5. They were eventually persuaded to return to work at 10.30 p.m., but 29 walked out again.

At 3 a.m. yesterday, 34 others went on strike and at 7 a.m. a further 76 refused to work unless the increase was immediately granted.

At 9 a.m. yesterday the 139 strikers were arrested.

Mr. W. A. S. van Rensburg, sales manager said: "My boss had told me not to say a word. I will not comment."

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# Pick 'n Pay now in sweet manufacture

Cape Times 4/9/75

**RAYMOND ACKERMAN'S Pick 'n Pay is moving into top-line sweet manufacture and has taken a 50 percent stake in Dr Terry Berkow's Luvit Candies, which trades as Swissmiss.**

Pick 'n Pay's Cape general manager, Mr David Watkins, announced last night that the company would operate both within Pick 'n Pay branches and through its own stores. The first outside Swissmiss branch opens in Regent Road, Sea Point, today and Swissmiss sweet counters will be in Pick 'n Pay stores within days.

Dr Berkow, who was formerly with the Tongaat group, has established a sweet factory in Southfield, Cape Town, and imported a leading continental confectioner.

Not only will the quality of sweets be comparable with the best in Europe (Pick 'n Pay is convinced it will be unequalled in South Africa) but they will be sold at discount prices.

Pick 'n Pay will sell fresh cream truffles, made daily and fruit specialities during the season A key line will be presentation chocolate packs where customers can choose their centres. Imported sweets will also be sold at low prices.

The Gardens and Kenilworth Swissmiss counters open tomorrow and this will be followed by Retreat, Milnerton, Plumstead and Rondebosch If the venture is a success, Pick 'n Pay will go national.

Pick 'n Pay regards the deal as a major diversification Talks first began with Dr Berkow last September and were finalized some two months ago.

The project has been one of the best kept secrets in retailing Swissmiss teaser advertisements appearing in the press have sparked widespread interest with consumers and business men guessing what product would be launched The campaign has been handled by Hedley Byrne

The diversification is in line with Pick 'n Pay's programme of improving its stores appeal. The group opens its first Cape instore bakery at Kenilworth soon. The bakery will produce around five types of rolls as well as pies and pitzas

The fruit and vegetable operation has been reorganized with turnover rising some 50 percent. The group is now working closely with the Control Boards and the current Cape orange promotion in collaboration with Citrus board is going well.

Pick 'n Pay expects to sell 50 000 pockets within four weeks

Sunday Times extra

# ESSOP TO OPPOSE LONDON BOYCOTT CALL

By HOWARD LAWRENCE

**CALLS by British trade unions and anti-apartheid groups for a boycott of fresh and canned fruit and wines from South Africa have made the Suid Afrikaanse Landbou Werkers Unie, based in Beaufort West, decide to send Mr Solly Essop to London to explain that a boycott will do Blacks irreparable harm and increase Black poverty.**

In a telephone interview from his Beaufort West home, Mr Essop, who is the independent CRC member for Bokkeveld, confirmed that he will be going to London to fight against the boycott and so fight for the wellbeing of Black farmworkers"

"I have nothing against people who are opposed to apartheid," Mr Essop said, "because I share the reasons people have all over the world for rejecting apartheid, but I am opposed totally to any activity which purports to be on behalf of Blacks in this country but which increases their suffering and poverty".

He had agreed with the appeal to him to put the farm labourers' case in London, "because I know what a boycott will do to them, as I have been committed for many years to their plight."

Mr Essop was one of the people responsible for pressure on the Government which led to the Government abolishing the Master and Servants laws last year.

He has also been the prime mover in negotiations with the Agricultural Unions in the Republic which led to the recent decision of the Boland Agricultural Union to radically change the conditions in which farm workers have worked and lived in the Republic

"It must be realized," Mr Essop said, "that if a boycott of South African fruit and canned fruit were successful it would cause economic chaos in the agricultural set-up in this country, but the farmers will not be as seriously affected as the Black workers

"A drop in exports because of a boycott would result in farmers not being able to keep up with changes they have decided on for their workers, especially in the Western Cape.

"It would lead to unemployment among a section of the Black community who cannot afford to be unemployed It would lead to social chaos and widespread poverty," Mr Essop said

He felt that anti-apartheid workers in Britain "surely do not want to increase the suffering of the Blacks, and this will be inevitable if they go ahead with their boycott call.

"We have fought for many years for drastic change in the status quo as it affects Black farm workers and in the past year we have made tremendous strides in getting the Government and the farmers not only to acknowledge the evil of the old system insofar as Black farm labourers are concerned, but also to take action in this regard," Mr Essop said. "A boycott would only put us back in square one"

Boland farmers had agreed in principle recently, to pay farm workers a decent wage, to provide housing and recreational facilities, training and schools, "and this is more important to us than any boycott on their behalf by people overseas," Mr Essop said

Mr Essop also slammed the Labour Party of Mr Sonny Leon for having made a call to British Trade Unions last year for a boycott of South African fruit and canned products

"The Labour Party boycott call was the most irresponsible act any Black group in South Africa could have undertaken," Mr Essop said, "because it showed a callous disregard for the plight of the most oppressed group in South Africa — the farm workers"

On September 3, Mr Essop said, he and his group would be meeting the Agricultural Union for talks based on the union's recent agreement on workers conditions on the farms.

"My organization will also be writing a long memorandum to the Labour Party of Britain and the Co-Op organizations who have decided not to handle South African agricultural prod[...] plaining the harm boycott will do farm workers

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# 'Strike' trial date set

Cape Times 23/8/75

THE 19 men who allegedly held a strike at Duens Bakery, Woodstock, will be tried in the Cape Town Magistrate's Court on November 10.

They are charged with refusing to perform their duties — a charge under the [illegible]

The men appeared briefly before Mr F A H Johl yesterday. No evidence was led. Bail of R50 was extended and they were warned to appear in court again on November 10.

The men are:

Mr Willem Mquoquo, 23, Mr Shorty Gquabi, 59; Mr Lowel Somtseu, 46; Mr Robson Mkewa, 33; Mr Elijah Nzati, 60; Mr Zolile Matikinca, 39; Mr Totwana Fundaqube, 48; Mr Stanford Xego, 50; Mr Richard Ramba, 65; Mr Vokele Mtseba, 44; Mr Tommy Koba, 57; Mr Milton Sigidi, 47; Mr Abraham Zokwe, 46; Mr Herbert Ndaba, 47; Mr Mzumbanx Jama, 46; Mr Precious Tontsi, 54; Mr Bukazi Nomatshaka, 47; Mr Johnson Yamba, 30; Mr Joseph Mavuso, 49.

Mr P D Theron prosecuted.

Capital
186 (2)
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# Opposition mounts to S.A. Board take-over

Natal Mercury 19/8/75

**Financial Reporter**

**MR. R. B. CLARK, chairman of the Shareholders' Association, says there are four reasons why shareholders in S.A. Board Mills should oppose the take-over bid by Anglo American Industrial Corporation, which is up for approval at a meeting in Durban next Tuesday.**

Shareholders are being offered 43 AMIC shares for every 100 S.A. Boards and the same ratio in a parallel offer for the holding company, Stafford Mayer.

The Association says that based on available information, the net asset value for Board shares is about 200 cents — against the current market valuation of about 112 cents and the offer equivalent to 109 cents.

Earnings per share were 21,2 cents for 1975 which was less than those for 1974 (25,6 cents) but were, in fact, higher than in any of the past five years except for 1974.

**SUGAR PROFITS**

Pretax profits from the sugar operations were up about 23 percent to R791 000 (1974 — R649 000) and the Association notes that if current negotiations succeed improved profits can be expected.

It is pointed out that the troublesome No. 6 Board machine at Springs, which cost R11m in 1971, would cost more than R20m at present, another indication of the company's latent strength.

The Association says the company is soundly based but is suffering from the current downward cycle in the paper trade. Shareholders should resist the bid.

**SUBSIDIARY**

The situation has changed radically however with AMIC announcing last week that it had acquired enough shares in Stafmay to classify it as a subsidiary. S.A. Board was already a subsidiary of Stafmay.

Control is now in AMIC's hands and there is no need to go through with the takeover unless AMIC believes it is getting a bargain — and must get full control to ensure full benefits.

Capital appears to be the principal problem, with the directors considering that that R2m will be needed to get the Springs mill to peak efficiency.

Jon Beverley.

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# Hulett's profits may level off

Mercury 7/8/75

**Financial Editor**

**MR. C. J. SAUNDERS, chairman of the Huletts Corporation, speaking at the company's annual meeting in Durban, warned shareholders yesterday that the group's profits might level off.**

Mr. Saunders said that profits for the group's various operations were difficult to forecast.

It was not possible to estimate, with reasonable accuracy, the profits of the sugar division in South Africa until the present negotiations between the sugar industry and the Board of Trade were completed.

It was impossible to predict the Rhodesian profits for 1975/76, as it depended on the political developments in that country.

The effects of inflation on costs were still a source of grave concern and the situation was aggravated by a drop in demand for many of the group's products other than sugar.

"Our paper operations are seriously affected by adverse market conditions and in spite of stockpiling of finished products, we have had to cut back production at both our factories."

## ALUMINIUM

Mr. Saunders added that the building industry was not buoyant and the demand for aluminium products had slackened off.

"It is difficult to predict how the South African economy will react during the remainder of the financial year, but political considerations in South Africa are such that economic growth must be maintained even at the risk of a high rate of inflation.

"I fear that it is unlikely that the present rate of inflation will diminish materially in the immediate future."

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# ILLOVO TO SPEND R3m ON MILLS

MERCURY 7/8/75

Financial Reporter

ILLOVO Sugar has decided to spend at least R3m on its Illovo and Noodsberg mills even though the outcome of the sugar industry's talks with the Board of Trade on a new price formula for sugar is not known.

This was the burden of the chairman's address yesterday at the company's annual meeting. Mr. J. E. Hobbs said Illovo would embark on a three-year expansion programme at both mills.

This was being done to ensure the ongoing performance of the group in the industry and in the interests of KwaZulu and the South African economy.

Mr. Hobbs stressed that an adequate investment return was necessary. Because the company believe that the Government would recognise this, the expansion programme would go ahead.

He endorsed the remarks of industry spokesmen on the need for expansion in the industry and described the policy whereby local sugar was sold substantially below the cost of production, as "unrealistic".

Mr. Hobbs expects that the Illovo sugar crop will be slightly less than 191 200 tons but, that the share in total production will be unchanged at 9,8 percent. Rain fell on the cane fields at the end of July after a long dry spell.

The financial results of the group have enabled a reduction in the ratio of borrowings to capital employed. The ratio now stands at 25 percent after falling from 49 percent in April 1973.

Jon Beverley.

Natal Mercury 28/7/75

# The golden age of sugar research

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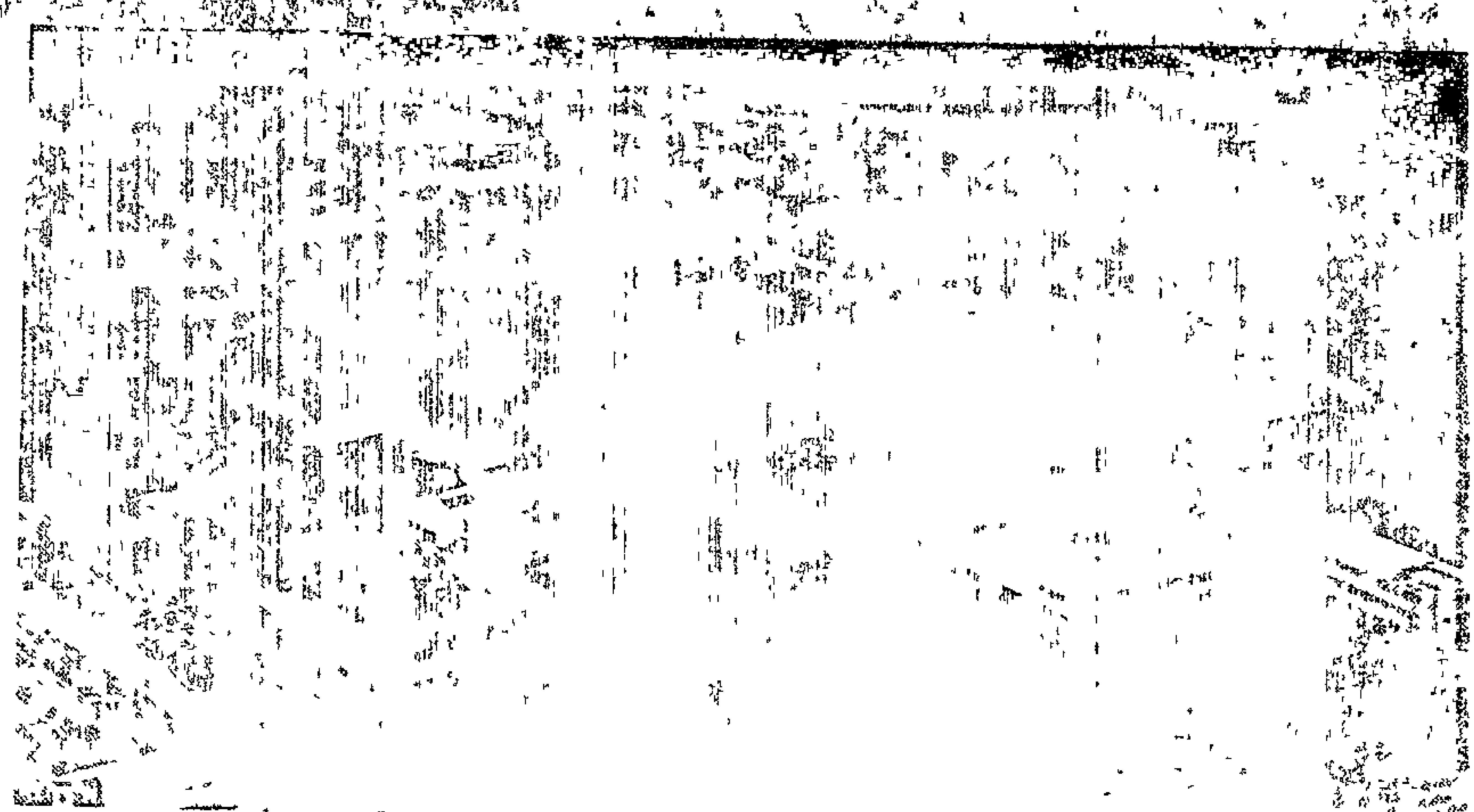
By PETER SUTTON, Agricultural Reporter

THE EXPERIMENT Station of the South African Sugar Association celebrates its golden jubilee early in August, after 50 years of service to the sugar industry.

The Experiment Station at Mount Edgecombe today comprises a modern complex of research and agricultural facilities which is the largest institution in Africa devoted entirely to the needs of sugar-cane growers. Research work undertaken by the station has met with international success and recognition — especially in the field of plant breeding — with one variety of its sugar-cane, NCo 310, still being grown throughout the world.



**NEED**

Because of a pressing need to replace the first cane variety — Uba, imported into South Africa in 1883 — early sugarcane growers decided that their future could not be dependant on one variety and it was decided in 1923 that the industry should have its own experiment station.

A beginning was made with the appointment of the first director, Mr. H. H. Dodds, formerly a chemist at the Kynoch factory at Umbogintwini.

Progress was in the early stages slow and difficulties arose over the selection of a site. About two years later, in 1925, the present site at Mount Edgecombe was finally agreed upon and a camp established to accommodate a field manager, seven labourers and nine mules.

In the early days of the sugar industry, all cane varieties for commercial use were imported from other sugar growing countries. These had to be screened to ensure that they were disease free. In 1926 a quarantine glasshouse, situated at the Botanic Gardens in Durban, was donated to the Sugar Association and all imported canes were disinfected and fumigated before being planted.

Although the testing of new varieties suitable for local conditions was of prime importance, work was also carried out on how to advise growers on the best methods. Experimental work was carried out on different farms for the purpose of evaluating varieties on representative soils and under different environmental conditions. These consultancy services provided by the station provided an invaluable aid to farmers in promoting the yields of their crops.

**TRIALS**

In addition to the work being done on varieties, the small staff conducted fertiliser trials on different soil types and slowly a knowledge of fertiliser requirements and cultural practices was built up. Visitors to the station were encouraged and many successful Field Days were held for the benefit of growers.

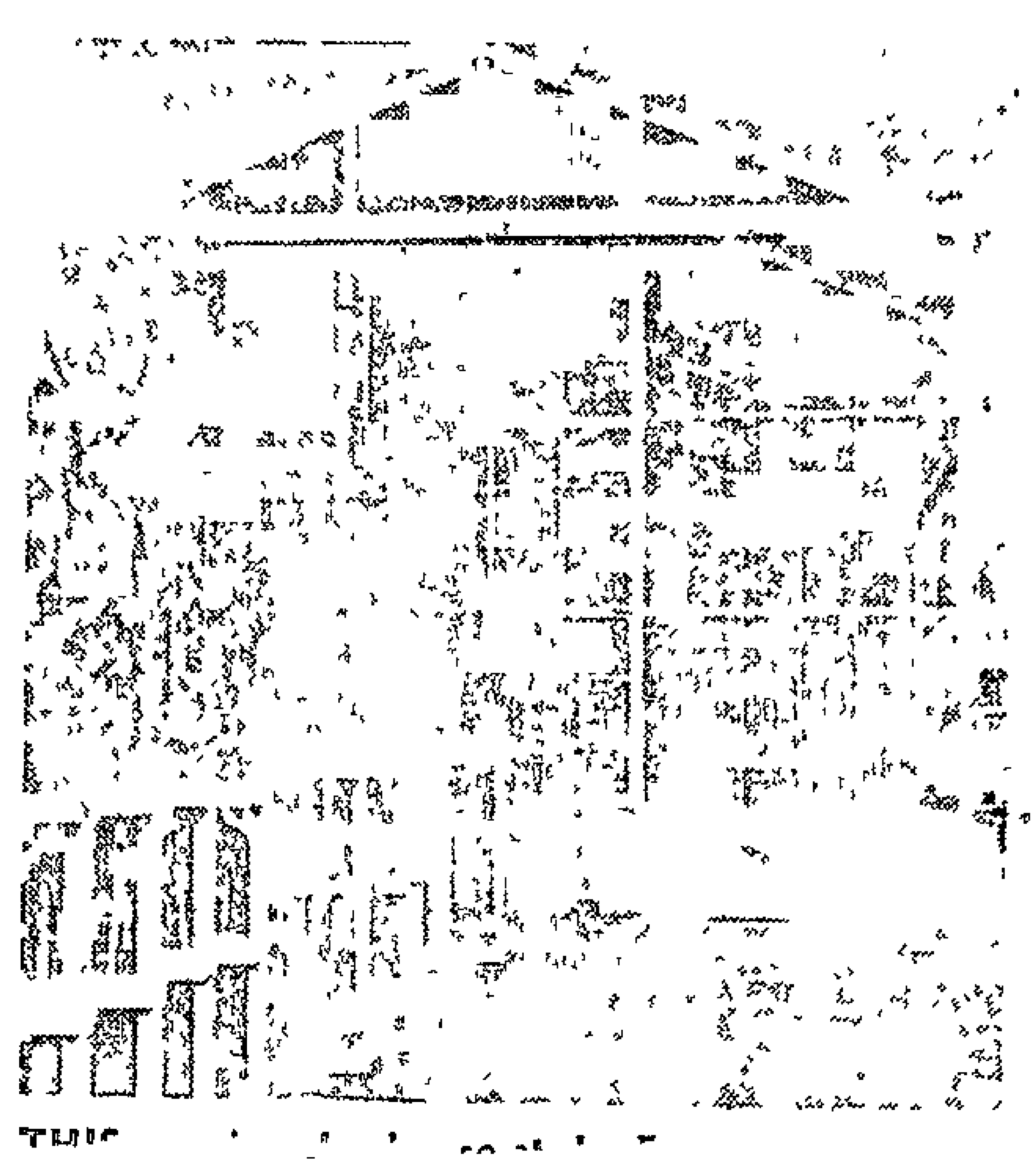
In 1937 a new glasshouse was erected at the Experiment Station and vital new experiments were begun with seed imported from Mauritius. At this stage it was impossible to get fertile seed from sugarcane grown in South Africa because, although cane flowers freely in certain seasons, it does not shed pollen and therefore fertilisation does not take place. Developments in cane breeding techniques were made and for the first time in South Africa, experiments were begun on hybridising cane varieties. This led to the NCo 310.

This variety was released in 1945 and achieved great international repute. The tremendous impact of this cane on the sugar industry in Taiwan was acknowledged in 1953 when that country decided to commemorate NCo 310 with the erection of a statue.

Today, the station serves as the headquarters for the industry's agricultural research, advisory and extension services. Investigations are carried out in fully equipped laboratories and glasshouses. Field studies are conducted at subsidiary stations on sites representative of the whole sugarcane growing areas. These widely dispersed trial areas, provide therefore, information on a representative range of soils and climate.

Information on how to improve production has been accumulated by research workers more quickly than it can be adopted by farmers. The current policy emphasises that trained Extension Officers provide growers with the benefits of the knowledge acquired by research workers. As a result, the station is looked upon by the industry as the most important weapon in its drive for increased yield per unit area.

To achieve this 14 district-based Extension Officers provide technical advice for cane producers. On average, approximately 160 farmers are served one man These men a primarily consulta who help individu farmers to work their problems. Their s vices are backed by t Experiment Station its and they are able to c on specialist advise from the station to h deal with specific pro lems.



THE

Mechanisation of ca production in Sou Africa is not as advanc as it is in other parts the world, but because rising wage cos farmers are now havi to look at ways of intr ducing mechanical ha vesting machines. Th station's agricultur engineering departme tests imported machin and designs harveste that can be built locall

The Experiment Sta tion considers that train ing is an important func tion and to this end run an education service fo cane farmers, their sta and staff from suga estates. Special course in sugar-cane agricultur are prepared fo advanced students and on request, for estat staff or agricultural extension officers of the KwaZulu Government Service

**LIBRARY**

The library, which is the focal point of any research institution, contains a comprehensive collection of books.

To ensure that research, advisory and extension staff are able to keep abreast of international trends and developments, information

Cape Times 26/7/75

TONY WILLIAMSON, Crown Mills Holdings' MD, has wasted little time since moving in last September, in preparing to add spice to the profits.

Cromill has been a consistent profit earner with taxed profits rising from R684 000 in 1971 to R1 323 000 last year but actual earnings rises have been somewhat pedestrian with a mere 9,8 percent in 1975.

Williamson, a former partner in Arthur Young & Co who spent five years in the US, returned to South Africa to open a management consultancy but later left to join Cromill following the acquisition of a large parcel of shares by Douglas Jooste.

"We are quite happy with progress to date," he tells me. Turnover is up but more important plans are well underway for rationalization of operations as well as entry into new segments of the food market. It is also firm policy to expand by acquisition.

**SPICE CROP**

Cromill is one of the country's biggest spice millers, importing worldwide as well as buying the bulk of the South African spice crop which is produced mainly in the Northern Transvaal The group currently mills in three centres — Johannesburg, Durban and Cape Town and it is envisaged to confine milling mainly to Cape Town and Durban giving benefits of economies of scale.

Cromill is to resite its Johannesburg and Cape Town offices in what could be a R1,5m. development and has already bought a 5 500 sq. m site in Maitland off Koeberg Road for R150 000. The Cape Town project will include a new type of mill. Negotiations are still in progress on the Johannesburg site.

The Hulley and Rice, Durban based subsidiary, which specializes in low cost domestic spice packs for the non-White market, is doing well and the products are now being marketed in the Transvaal for the first time. Eventually distribution will be countrywide.

**FOOD ADDITIVES**

Another division is food additives, which includes proteins. This is being expanded and as I see it with demand for proteins likely to soar over the next decade this division has a bright future.

The bulk of the group business is in the meat industry, supplying processors and canners, butchers and retail outlets with spices and Cromill forecasts a 15 percent growth in the meat market by volume over the next 5 years

Cromill also supplies a wide range of catering equipment to hotels, industrial kitchens and the like, and is well placed in this market

Overall the spread in the food industry is impressive with some 6 000 accounts and particularly with the new management the company seems well placed for growth With the current price of 315c the counter yields 16 percent on earnings and 7,6 percent on dividend.

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# Why sugar is depressed

C.T. 16/6/75

By PENELOPE GRACIE

LONDON. — The daily price for sugar sank to its lowest level in 18 months last week after a short-lived rally at the outset, but it became increasingly apparent that the overhang of sugar stocks in the market - is a bearish reality.

The sugar price has been trapped in a down-spiral for eight months now. In January 1974 the price was £143 a long ton and it climbed to [illegible] soared through £300 in August. By mid-October, [illegible] and the price peaked in November at £650 Since November, however, the sugar price has slipped and now sugar is trading at around £146 — a significant fall in eight months. The bearish factors in the market include a flat consumer demand and the prospect of a large increase in world sugar production.

There are three factors which are currently depressing the sugar market.

The decision by Japanese sugar refiners and importers to delay by six months the delivery of 100 000 tons of unrefined sugar. These refiners are known to have a surfeit of sugar stocks and do not welcome further supplies at this juncture.

Second, the Egyptian purchase of 33 000 metric tons of white sugar was settled at a price of £111 a ton (well below the London daily price) and it is believed that a hoard of sellers were rushing to offload their stocks.

The third bearish feature appears in the report published by brokers, C Czarnikow Ltd They anticipate the total quantity of sugar which Argentina is going to put on the market this year at 350 000 tons

The belief in sugar circles is that the sugar price will only be bolstered by a sharp rise in the world-wide demand for sugar or by some catastrophe in a producer country. Until that eventuates, the sideways-downwards trend of the sugar price will continue

Sun Trib (Fin) 15/6/75

By Vic Hanna
Financial Editor

# Rising costs and capital requirements put industry on the spot

CAUGHT between rapidly escalating costs and vast capital requirements during the years ahead South Africa's sugar industry faces the most critical period in its 124-year history.

For it is an industry that will need capital generation to the order of R700 million over the next 10 to 20 years merely to keep pace with demand and to keep it as the largest agricultural earner of foreign exchange.

But it is an industry that has become a political pawn in recent years by having to supply the domestic market with sugar at a price below the cost of production.

In fact, according to sugarman Anson Lloyd, speaking this week at the Sugar Millers' AGM, it will actually cost the industry R72 million this year just to supply sugar to the local market.

This deficit should be offset by export earnings but the very valid point made by Mr Lloyd is that, in terms of the present agreement with the Government on the distribution of sugar revenues, there is little incentive for the industry to generate the capital it will require in the years ahead.

## Growth

Essentially, it is the pegging of fixed assests values since 1969/70 that has hampered any growth in the industry and for all concerned, including consumers — who could possibly pay dearly for the sugar price holiday in recent years — it is hoped the special committee of the Board of Trade resolves the problem when it meets with representatives of the industry later this year.

In preparation for this meeting the country's millers have instituted a revaluation programme of all land, buildings, plant and machinery by a national firm of professional valuators.

And it is expected that this valuation will show a considerable increase in values since 1969/70 when they were pegged — especially considering that money has eroded in value by 30 percent since that period.

## Planning

Of particular concern to the industry is its long term planning. Mr Lloyd has estimated that within 12 years increases in domestic consumption will eliminate any surplus available for export. With the current season expected to generate well over R200 million in foreign exchange it is obvious how important it is for the industry to expand.

The newly elected chairman of the Millers' Association, Frank Jones feels that under the present system of revenue distribution the capital required to set up a new sugar mill will not come from the private sector. Understandably so, for no investor would wish to have capital restricted as in the sugar industry.

So for the industry to expand there must be some major adjustments made. Not only are these adjustments necessary for the long term benefit and continuation of the industry but they would appear necessary as a fundamental of a free enterprise economic system.

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# 'We cannot perform miracles', says industry

# Dearer sugar warning

C.T. 13/6/75

Cape Times Correspondent

**DURBAN. — Mr Anson Lloyd, chairman of the South African Sugar Millers' Association, said yesterday that the sugar industry had done more than its fair share in the fight against inflation — the local consumer sugar price had been reduced twice since 1972 — but this situation could not continue.**

If the industry was to remain a viable undertaking, the price would have to be adjusted upwards.

Addressing the association's annual meeting, Mr Lloyd said that by the end of the current milling season, on April 30, 1975, South African consumers will have benefited by about R70m.

The average price of all sugar sold on the domestic market, in the current crop year, would amount to R106 a ton. At the same time the costs and returns on a capital required to produce the sugar would be at least R170 a ton.

"It can be said that in 1975/76 the industry will sell a million tons of sugar for R108m when its cost of production will be R180m.

## SUBSIDY

"Therefore, the consumer will enjoy a subsidy of R72m this year which must come out of the proceeds from sugar sold in the export market."

Mr Lloyd added that it would be in the interests tial part of this reveaue was retained by the industry to finance future development.

The industry recognized the need for the Government to restrain the rise in the cost of living but it was a short-sighted policy to allow reductions which took the price so far below the cost of production.

In addition, there had been a sharp increase in the amount of sugar consumed locally which had cut the tonnage available for export.

Mr Lloyd said that the industry would require a capital investment of R700m in the next 10 to 20 years to maintain its production requirments.

Even at today's cost of land preparation, crop production and machinery, an investment of R350m was needed for expansion to meet production needs.

A survey was conducted last year which had indicated that areas in the Eastern Transvaal lowveld, on the Makatini flats and in the Pongola Mkuzi and Umfolozi regions were capable of producing about 845 000 tons of sugar a year.

But, it would be necessary for dams, canals, roads and railways to be built and the investment of a vast capital sum to produce sugar.

"It is necessary to sound a warning that the industry cannot be expected to perform miracles and guarantee unlimited supplies of sugar for domestic consumption."

# Offer of visit is rejected

STAR 13/6/75

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**Own Correspondent**

PERTH — The Australian national executive of the Campaign Against Racial Exploitation (CARE) has turned down an invitation by the Woolworths organisation to send a representative free of charge to South Africa.

Mr Les Stone, a Cape Coloured migrant from Cape Town who serves on CARE's West Australian committee, said the national executive in Sydney, headed by a South African fugitive student leader, Neville Curtis, had refused the invitation "they would show us what they thought we should see in places like fish processing plants."

Mr Stone said CARE was planning major demonstrations against South Africa across Australia this year.

**DEMONSTRATIONS**

The West Australian branch of CARE has just started its current anti-South African campaign by demonstrating outside Woolworths supermarkets in Perth suburbs The purpose is to try to discourage the public from buying South African fish and other goods of which Woolworths is a major distributor.

A top executive of Woolworths Western Australia Limited said today. "We will not be intimidated We will sell any goods which Australian law allows us to sell"

Argus 13/6/75

(186)

# R700-m needed for sugar

DURBAN. — The South African sugar industry will require a capital investment of R700-million over the next 10 to 20 years to maintain its production requirements, Mr Anson Lloyd, chairman of the South African Sugar Millers' Association, said in Durban last night.

Speaking at the annual meeting of the association, Mr Lloyd warned that even at today's costs of land preparation, crop production, plant and machinery and other costs, an investment of R350-million was needed for expansion to meet production needs.

However, at the present rate of inflation, this amount could double to face South Africa with a cost of R700-million within 20 years.

'The sugar industry is facing two major problems,' Mr Lloyd said. 'In the first place it must maintain its efficiency, increase productivity above an already high level, and preserve intact its existing capital in conditions of steep inflation.

'In the second place the industry must now give vigorous and continuous attention to its long-term development. Previous programmes for five and 10-year expansion campaigns can no longer ensure adequate supplies of sugar in the present and anticipated growth of South Africa's national development.'

RDM 13/6/75

# Sugar seeks price rise

Industrial Editor

THE South African sugar industry is campaigning for a substantial price increase, saying it can no longer continue to subsidise the domestic consumer and remain viable.

The chairman of the South African Sugar Millers Association, Mr Anson Lloyd, said at the association's annual meeting in Durban yesterday the average price of all sugar sold on the domestic market in the current crop year would be about R106 a ton

Against this the costs and returns on capital required to produce the sugar would be at least R170 a ton.

"The consumer will enjoy a subsidy this year of R72-million which must come out of the proceeds from sugar sold on the export market."

The situation could not continue, particularly because of the attendion the industry must give to its long-term development.

Mr Lloyd estimated that the sugar industry would require a capital investment of about R700-million over the next 10 to 20 years to maintain its production requirements.

Under existing conditions of inflation and the returns allowed by Government to growers and millers it would not be possible to find the capital required for expansion, let alone maintain efficiency, increase productivity or preserve its capital.

The sugar industry could not be expected to continue to perform miracles and to guarantee unlimited supplies for domestic consumption.

He complained that the sugar industry was not getting sufficient recognition as an important earner of foreign exchange. This sector earned R233-million on foreign markets in 1974, outstripping all other agricultural products in export earnings.

"It cannot continue to be the leading agricultural producer of foreign exchange and it cannot feel confident of its ability to replace its assets and to acquire new assets so long as its economy is precariously balanced on a price volume ratio for which nearly 60 per cent of output (domestic consumption) does not cover basic costs, let alone the return on capital needed for its production"

It was short-sighted for prices to be so far below the cost of production.

This would cause a heavy burden for the consumer should there be a fall in world prices.

COMMENT:

• The international sugar price has been plummeting from a record high of £650 last November to an 18-month low yesterday of £146. This slide is expected to continue in view of the record beet harvest expected in Europe, and further supplies from the Philippines and Argentina.

While this fall continues, buyers are expected to continue holding off contract negotiations in the belief they will be able to get cheaper supplies later.

This souring of the market for sugar producers has caused a renewal of pressure for a new international sugar agreement.

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# British Foods 'can thank SA'

C.T. 10/6/75

By PENELOPE GRACIE

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

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

Associated British Foods owns 52 percent of Premier Milling and, as a spokesman for ABF said: "A large portion of the 1,3m increase in overseas profit pre-tax, can be found in South Africa"

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

## MARGINS

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

In the home market, margins shrank from 3,8 percent to 3,6 percent

# FRUIT CANNERS MAY SUFFER KNOCK IN SALES

(186)

ARGUS 11/6/75

**Financial Staff**

**FRUIT farmers and the fruit canning industry in the Western Cape can expect to take a hard knock from higher tariffs now that Britain has voted to stay in the European Economic Community.**

This is the view of a leading canning company in Cape Town today.

Before 1974 South African exports to Britain, her biggest customer, were sold free of import duty. But tariffs will continue to rise yearly until they reach 24 percent in 1978, a spokesman points out.

'Obviously our European competitors will have a price advantage and be able to supply cheaper goods unless we can curtail our costs.'

A growing number of countries, including Israel and Mediterranean countries, are gaining associate membership of the Common Market, which means their fruit also undercuts the South African product.

Another threat is that Greece, Italy and some other countries are planning to step up fruit production, notably of peaches and apricots.

International canning companies are looking round Europe for new sources of fruit now that Britain is firmly in the Common Market.

To add to the industry's worries, the higher cost of living means less canned fruit is going on the menu of many South African housewives. Sales dropped about a fifth last year.

FM 6/6/75 (186)

## MARGARINE PRICE NEXT?

Consumers will barely have time to recover from this week's price hike for butter and cheese before facing a similar broadside from the margarine industry. This week the price of butter rose from a ceiling of 65c to 70c for 500g. Worse is to come.

The Oilseeds Control Board has raised the selling price of Grade S2 peanuts by 30%, allocating 20,5% to the farmers for their expected cost increases and 9,5% to itself as handling fees — an item never before taken into account. A spokesman for the Board said this would eliminate the administrative difficulties of previous years when no such fee had been allocated in advance. On the same basis, the selling price of FH 1 sunflower seeds was raised by around 25%.

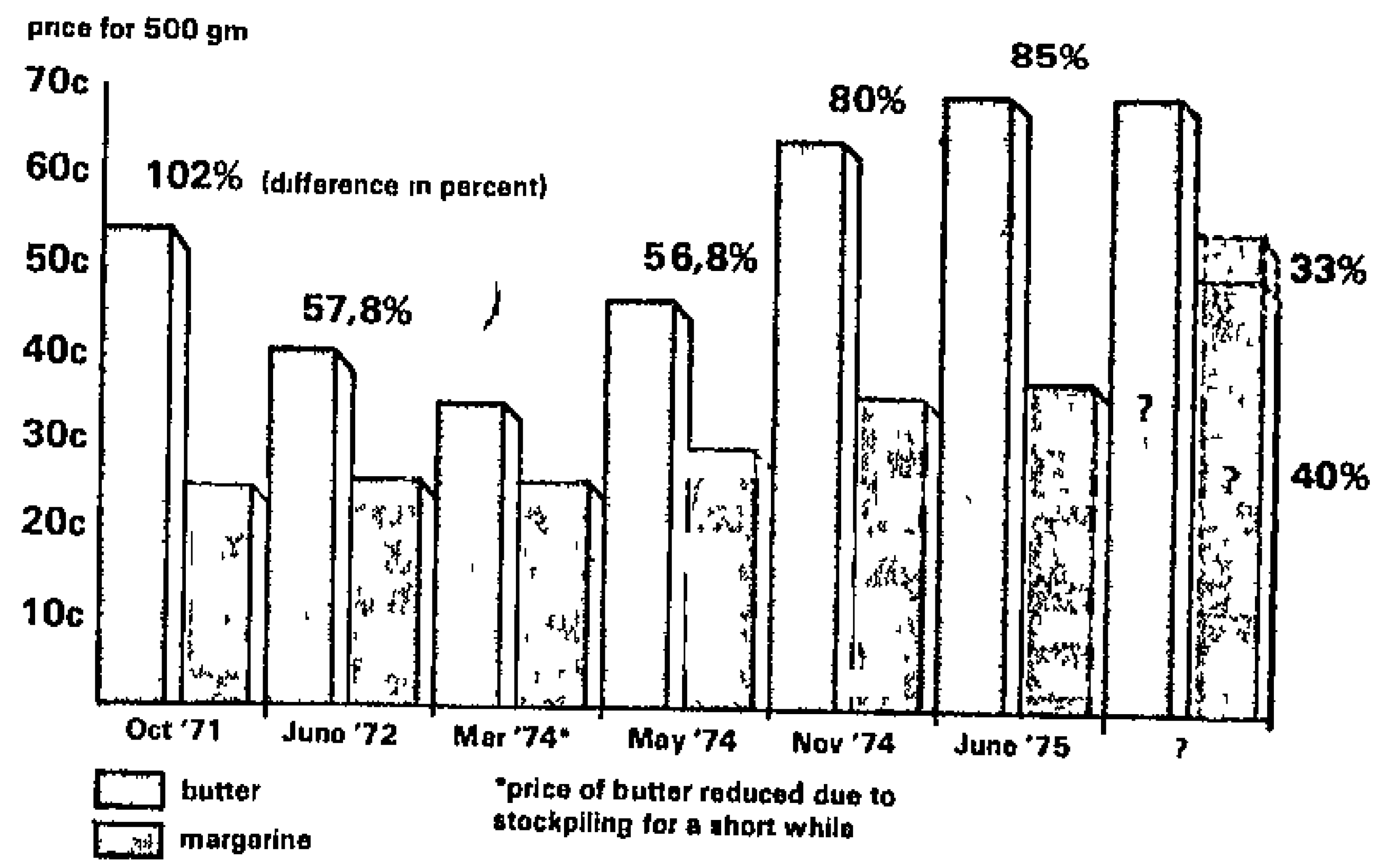
Now the Margarine Manufacturer's Association is waiting to hear if its consequent request for a price increase will be granted.

The amount, so far, remains a tightly held secret, but could be as high as 30%, which would raise the price of yellow margarine to between 50c and 55c per 500g.

If this estimate proves correct, the price of yellow margarine will be closest to that of butter since it was launched in October 1971 (butter will be only between 40% and 33% more expensive — see graph).

As consumers are unlikely to eat dry bread, they are once again faced with a dilemma. Perhaps it really is time for them to eat cake.

## NARROWING THE GAP




Do not write in this margin

# New taste to corn off the cob

Sun Times (Bus Times) 25/5/75

(186)

By DAVID PINCUS

A CHEAP South African food based on mealie meal could become an important currency earner and standard fare for many in poor countries.

The food is Maizorice, which was developed by Mario Afeltra in the kitchen of his Kensington, Johannesburg, home, and which is now being made by Dovfri Products in Spartan, near Kempton Park.

Maizorice is a rice-like food produced from mealie-meal by a secret computerised process. Only Mr Fridman and Mr Afeltra know the formula.

David Fridman, managing director of Dovfri and former chairman of the milling group, H. Lewis and Co, said this week that apart from a firm contract to export to Mauritius, the Food and Agricultural Organisation of the United Nations is interested in the product for distribution to people in Third World countries.

Mr Fridman is negotiating with interested parties in the UK, Germany, Canada and Australia for the manufacture of the food under licence.

Japan and China are thought to be likely customers.

Exports to Mauritius will start in July, with 200 tons a month worth about R80 000, and this will build up to 1 000 tons a month.

"The limiting factor at present is the size of our plant, which can produce only 500 tons of Maizorice a month," Mr Fridman said.

"When we started producing it in March last year we thought that 500 tons a month would be more than enough to meet the demand for the product for several years.

"Mario Afeltra, who is also a director of the company, and I set our sights on supplying the African and lower-income White market.

"When we found that the product did not move in those markets, but in the so-called northern suburbs markets, we decided to send a sample of 500 kg to a firm in London to test its potential for export."

What happened was that the firm chosen by Dovfri dragged its heels, but somehow an unmarked sample of the product found its way into the hands of Jack Mackenzie where they were market researched.

The United Nations' FAO was given samples, which it is now testing. Should these tests prove to be successful, the product will also be made in the US on a subsidised basis, but still under licence, for distribution in poorer countries.

A sample distributed to 200 Welsh housewives showed less than 1 per cent rejection of the product.

Similar results were registered in other countries, and as a result of those tests, Dovfri was asked to export substantial tonnages as initial orders.

"But we do not have the capacity to satisfy those orders," said Dave Fridman. "So we are now negotiating with foreign interests for the manufacture of the product under licence.

"We will, of course, increase our manufacturing capacity here, and supply licensees abroad with supplies until their factories are in operation."

What impressed people abroad were the results of a test done by the Industrial Development Corporation, which showed that compared with ordinary rice, Maizorice saved time and fuel in preparation, and that the cost of a normal serving for a person was about 1c, compared with about 3c for rice.

When challenged about the validity of these findings, Dave Fridman donated several kilograms of his product to a charity that was about to hold a fund-raising curry and rice supper.

When the unused packets were returned it was found that more than 200 people had been served with curry and rice with about 4,5 kg of Maizorice.

At retail level this would have cost R1,80.

The Defence Force and several hospitals are now using the product, but what upsets David and Mario is that they still cannot persuade lower-paid people to buy their product.

"If we can get into the market where money for food is no problem, there cannot be anything wrong with the flavour or appearance of Maizorice," Mr Fridman said.

"Possibly this occurs because some do not read the instructions properly. Maizorice must be put in boiling water, not in cold water. Otherwise it turns into porridge."

of E. I. Rogoff, London, who got in touch with Issy Hude, managing director of Zeta Imports and Exports in Johannesburg, and asked him to find out who made it.

It took Issy Hude a month to locate Dovfri, but once he did that things started happening.

Working through Graham Rogoff of E. I Rogoff, London, samples were sent to a number of countries.

Dovfri Foods has appointed Jabula, a subsidiary of Premier Milling to take charge of its South African marketing operations.

It is hoped that Jabula, with its knowledge and proven selling ability will achieve the two directors' original aim of breaking into the African and lower-income White market.

# Sugar firms' profits rise

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N. Mercury 13/5/75

Financial Editor

**GLEDHOW Sugar Co. and Reynolds Bros. Ltd., two of the sugar companies in the C. G. Smith group, Durban, have released good news for their shareholders — estimated net profits and final dividend payments are up.**

Gledhow's estimated net profit for the year ended March, 1975, is R3 585 284 (1974: R2 387 092). Earnings per share have risen to 71,7c from 47,7c in the previous year.

A final dividend payment of 27,5c a share has been declared which will make a total of 37,5c for the year (1974: 30c). The final will be paid to shareholders registered on May 30.

Reynolds' net profit is estimated at R5 566 349 (1974: R4 126 423). Earnings per share are 84,3c (1974: 62,5c).

Last month Reynolds' shares in issue were increased by 338 000. These new shares will qualify for the final of 35c which will be paid to shareholders registered on May 30. This makes an

4 150

# Strikers get R60 or 30 days

RDM 10/5/73

**Staff Reporter**

WELKOM — Thirty African workers of the Welkom Milling Company were found guilty yesterday in the Welkom Magistrate's Court on a charge of having been on an unlawful strike for four days.

The Magistrate, Mr S. J. Vorster, sentenced each man to a fine of R60 or 30 days imprisonment.

It is believed that about 12 of the accused had paid their fines late yesterday.

All the men pleaded guilty to the charge at the start of the hearing, and no evidence was led. They were said to have gone on strike at the milling company from May 2 to May 5.

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2/186

RDM 8/5/75

# 30 workers in court

Staff Reporter

WELKOM — Thirty African workers of the Welkom Milling Company who were arrested after allegedly not having been at work since Saturday, appeared in the Welkom Magistrate's Court yesterday.

No evidence was led. The hearing will continue on Friday.

They are said to have refused to start work after a Saturday morning meeting.

It is alleged that some claimed they were underpaid while others allegedly said certain service conditions were not adhered to by the company.

A police spokesman said allegations of intimidation were also being investigated.

(186)

# 'remier Milling is 'n dinamiese reus

**PREMIER MILLING regverdig sy status as een van die voorste nywerheidsaandele op die effektebeurs ten volle. Dit word bewys deur 'n sonderlinge winsprestasie ondanks die omvang van die groep.**

*Premier se totale omset het in sy boekjaar tot 31 Maart 1975 op R403 miljoen te staan gekom, wat hom in die geledere van 'n eksklusiewe groepie werklike grotes plaas. Desondanks behaal die groep jaar ná jaar uitstekende winsgroei*

Hoewel die voedselbedryf uit die aard van die saak gekenmerk word deur groter stabiliteit as feitlik enige ander bedryfstak, is die klimaat in dié bedryf nie juis bevorderlik vir die bereiking van buitengewone winsgroei nie. Die natuurlike bevolkingsaanwas, tesame met 'n geleidelike verskuiwing in die verbruiksgeneigheid van veral die nie-blankes, verseker die bedryf van 'n gestadigde groei in reële terme

Inflasie het natuurlik tot gevolg dat omsette in geldterme relatief vinniger toeneem.

Streng toepassing van prysbeheer keer egter dat die situasie uitgebuit word deur buitengewone winste. Gevolglik is 'n groep soos Premier se goeie prestasies hoofsaaklik te wyte aan groter produktiwiteit. By die oorweging van 'n verhoging in die prys van brood gebruik die Pryskontroleur byvoorbeeld die winsgewendheid van alle produsente as 'n basis vir sy besluit

Vanweë sy groter doeltreffendheid trek Premier dus groter voordeel uit so 'n prysverhoging as wat die geval is by die gemiddelde produsent In die ander afdelings van sy bedrywighede geniet Premier 'n soortgelyke voorsprong bo sy mededingers.

Groot kapitaalbestedings is egter nodig om die groep in staat te stel om tred te hou met die sterk toename in die vraag na sy produkte. In die huidige omstandighede van hoë rentekoerse moet, groeiende finansieringsbehoeftes dus noodwendig druk plaas op winsgrense. In die eerste helfte van sy afgelope boekjaar het rentebetalings byvoorbeeld van R1 853 000 tot R3 467 000 toegeneem. Hierdie neiging sal waarskynlik in die toekoms voortduur namate die effek van inflasie op die pryse van ver al ingevoerde kapitaalgoedere gevoel word

## Duurder

Kapitaalwerke word dus duurder terwyl druk op gelden kapitaalmarkbronne verdere stygings in rentekoerse tot gevolg kan hê.

Kostestygings begin ook nou by Premier te knyp en die groep vind dit moeilik om sy winsgrense te handhaaf te midde van stygings in grondstofpryse, die pryse van verpakkingsmateriaal en vervoerkoste Desnieteenstaande slaag die groep nog daarin om 'n vinniger tempo van toename in winste as op verkope te handhaaf, wat maar weer dui op 'n uiters doeltreffende bestuur

## Winsrekord

In die boekjaar tot 31 Maart 1975 was groepsomset R403 miljoen vergeleke by R325 miljoen in die vorige jaar, wat 'n toename van 24 persent beteken. Netto wins ná belasting het met 27 persent toegeneem tot R14,7 miljoen of 58 sent per aandeel. Beleggingstoelaes op kapitaalbestedings het 'n ietwat laer belastingverpligting tot gevolg gehad, maar aan die ander kant was rentebetalings R3 miljoen hoer as in die vorige jaar 'n Dividend van 25 sent per aandeel is verklaar

Die prestasie van die groep in sy pas afgelope boekjaar is 'n voortsetting van 'n uitstekende winsrekord wat in die afgelope dekade opgebou is In 1965 het die wins per aandeel 16,3 sent beloop terwyl 'n dividend van 6,8 sent betaal is

Die huidige winssyfer van 58 sent per aandeel beteken dus dat die groep in die afgelope tien jaar 'n gemiddelde jaarlikse groeikoers van ongeveer 14 persent gehandhaaf het Sedert 1968 toe inflasie werklik sy beslag begin kry het, is 'n veel hoer gemiddelde jaarlikse groeikoers van 19 persent in winste behaal Dit wil dus voorkom of 'n belegging in Premier Milling-aandele 'n goeie verskansing teen inflasie bied.

Die aandeel verhandel tans teen 500 sent en lewer dus opbrengste van 11,6 persent op wins en 5,0 persent op dividend. Ondanks die gehalte van die maatskappy kom die prys effe aan die duur kant voor, veral as in ag geneem word dat die onderskeie gemiddelde opbrengste op nywerheidsaandele deesdae 25 persent en 9 persent is

# CROWN MILLS GROEI NOG VOORT

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SAKE-RAPPORT 4/5/75

**CROWN MILLS, wat in die verlede vir hom 'n indrukwekkende winsrekord opgebou het, gaan volgens alle aanduidings weer nie sy aandeelhouers teleurstel nie.**

*Onbeheerbare kostestygings is egter besig om 'n onheilspellende verskynsel te word. In die eerste ses maande van sy jongste boekjaar is 'n winsstyging van 15,5 persent aangekondig, wat op die oog bevredigend lyk. As egter in ag geneem word dat omset in dieselfde tyd met 21,7 persent gegroei het, is dit duidelik dat kostestygings wel tot 'n erosie van winste gelei het.*

Crown Mills tree op in drie velde. Verwerking van speserye is die hoofbron van winste en lewer ongeveer 40 persent van totale omset. Spysenierstoerusting en die lewering van slagterstoerusting is die ander twee dinge wat elkeen 'n gelyke bydrae tot groepsomset gelewer.

Al drie hierdie afdelings toon bevredigende vordering, hoewel probleme hier en daar ondervind word. Die vraag na slagterstoerusting is geraak deur die toenemende massaafset van vleis deur supermarkte.

Belangrike kontrakte vir die installering van dié tipe toerusting by alle takke van die Wimpy-kettinggroep sal egter tot groot hoogte kompenseer vir die verlies aan verkope in die veld van onafhanklike slagters. Hierdie kontrak wat ongeveer R2 miljoen beloop, maak voorsiening vir die installering van die nodige toerusting in 200 Wimpy-takke wat binne die volgende agttien maande opgerig sal word.

Wat speserye aanbetref, voorsien Crown Mills hoofsaaklik in die behoeftes van die groothandel en nywerheid terwyl die onlangse oorname van Hulley and Rice hom ook 'n deelname in die snel-groeiende nie-blanke mark vir speserye verseker het. Die blanke kleinhandel word effektief beheer deur bekende handelsmerke soos Robertsons, Hinds en Buffalo.

Beheer van die maatskappy was tot onlangs nog stewig in die hande van die Behrman- en Israelite-families. In Julie 1974 het mnr. Douglas Jooste, die voormalige voorsitter van Sedgwick Taylor vóór die maatskappy se oorname deur Stellenbosch Wine Trust, egter 'n belangrike minderheidsbelang in die maatskappy bekom.

## Aftree

Nadat hy 350 000 aandele van die Behrman-familie bekom het, het mnr. Jooste 'n soortgelyke aanbod van 400 sent per aandeel aan minderheidsaandeelhouers vir 20 persent van hul belange gemaak. Die resultaat was dat mnr Jooste uiteindelik 'n belang van ongeveer 30 persent in die maatskappy verkry het.

Die Behrman- en Israelite-families beheer nog die maatskappy met 'n gesamentlike belang van 54 persent. Beheer kan egter oorgaan aan mnr. Jooste indien die voorsitter, mnr. Behrman, sy voorneme uitvoer om 'n verdere 200 000 aandele te verkoop. Mnr Behrman sal binnekort aftree en het reeds van sy pligte as besturende direkteur afstand gedoen.

Sy opvolger as besturende direkteur, mnr. Tony Williamson, sal na verwagting die aanskyn van die maatskappy na dié van 'n meer dinamiese en energieke groep verander en 'n uitbreiding van Crown Mills se basis by wyse van oornames kan verwag word. Mnr. Williamson beskik oor jare lange ervaring in professionele bestuurswese as hoof van 'n groep bestuurskonsultante.

Aandelehouers in Crown Mills kan dankbaar wees dat planne vir die samesmelting van hul maatskappy met Master Development, wat in September 1974 gevoer is, deur die mat geval het.

## Uitbreiding

Irrasionele diversifikasie van dié aard kon dalk net beteken het dat die maatskappy in die toekoms met probleme te kampe sou sit. Mnr Williamson se verklaarde beleid van uitbreiding en diversifikasie binne die voedselbedryf boesem veel meer vertroue in.

Crown Mills het oor die afgelope vyf jaar sy wins per aandeel opgestoot van 17,0 sent tot 45,6, wat dui op 'n jaarlikse gemiddelde groeikoers van 22 persent. Aangesien 'n dividenddekking van ongeveer twee keer in dié tydperk gehandhaaf is, het dividenduitkerings tred gehou met winsgroei. Hoewel teen 'n effe stadiger pas, behoort winste vir die afgelope boekjaar wat op 28 Februarie 1975 geëindig het, weer 'n stewige groei te toon.

Aangesien die tweede helfte van die maatskappy se boekjaar oor 'n gunstige handelstydperk strek, behoort 'n beter vertoning as in die eerste halfjaar gelewer te word. Ons verwag dat wins per aandeel met 17 persent sal toeneem tot 53,4 sent, terwyl 'n dividend van 25 sent per aandeel betaal sal word (die tussentydse dividend is reeds met 1 sent verhoog).

Teen sy huidige prys van 225 sent lewer die aandeel dus 'n winsopbrengs van 23,7 persent en 'n dividendopbrengs van 11,1 persent, wat ... in die huidige Beurs...aat vir 'n maatskappy ... dié kaliber aantreklik ...om.

# Imperial Cold Storage: 100c reg

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SAKE - RAPPORT 4/5/75

**'N TEKORT aan die vernaamste voedselprodukte wat deur Imperial Cold Storage gehanteer word, tesame met 'n onbeheerbare styging in bedryfskostes het gelei tot 'n daling van 15 persent in die groep se halfjaarwinste tot 30 Junie 1974 en dit sal ook die hoofbydraende faktore wees vir die geraamde daling van 25 persent in winste vir die twaalf maande tot 31 Desember 1974.**

Die daling in winste is die eerste terugslag sedert 1967 In die afgelope ses jaar tot Desember 1973 het die groep se wine per aandeel teen 'n gemiddelde koers van 12,8 persent per jaar gestyg, terwyl die dividend teen 'n sneller koers van 17,5 persent toegeneem het

Die ICS-groep vervaardig 'n aantal bederfbare voedselsoorte en distribueer dit landwyd Die belangrikste is rooivleis, vleisprodukte, varsmeld, botter, kaas, roomys, melkpoeier, margarien, vis, bevrore groente en pluimvee.

Die maatskappy teel self die meeste van die pluimvee wat hy hanteer, terwyl hy in deelgenootskap met spesialistebelange — vistreil en verwerk — margarien vervaardig en groente bevries

## Natuurlik

Die meeste van die voedselware wat in Suid-Afrika deur die maatskappy gehanteer word, vereis koel-opberging en verkoelde vervoer sodat sy distribusienetwerk in hoofsaak 'n geïntegreerde multiprodukonderneming is wat die meeste van die land se voedselwinkels bedien.

Al die produkte wat die groep hanteer, is van natuurlike oosprong sodat voorrade dikwels deur klimaatswisselinge beïnvloed word Ondanks dié afhanklikheid ontleen die maatskappy se bedrywighede 'n aansienlike mate van stabiliteit aan die feit dat baie van die produkte vir mekaar plaasvervangend is: margarien vir botter, pluimvee vir rooivleis en melkpoeier vir varsmelk, sodat afnames van sommiges tot 'n mate vergoed word deur toenames in ander.

Ineen dit nie vir bogenoemde prudukte-beleid was nie, sou die groep se winste vanjaar gedaal het soos Bull Brand en Karoo-vleis s'n. Die algehele ineenstorting van die rooivleismarkte in die wêreld, tesame met die ongekende styging in plaaslike pryse vanweë 'n daling van meer as 20 persent in die aanbod van rooivleis, het die groep se winste in die afdeling van sy bedrywigheid aansienlik laat daal

## Tekort

Die produksie van botter en kaas is ook baie nadelig getref. In afwagting van 'n goeie seisoen het die Suiwelraad verwag dat rekordproduksie sou bydra tot die groot voorrade wat in die begin van die jaar gehou is. 'n Grootskaalse gesubsidieerde promosie het hierdie voorrade in 'n kort tydperk uitgeput, en met die laer werklike produksie het 'n ernstige tekort ontstaan. Met die botterpromosie het margarienverkope wesenlik gedaal.

Verhoogde pryse het 'n merkbare toename veroorsaak in die groep se bedryfskapitaalbehoeftes om debiteure en handelsvoorrade te finansier, en hoë rentekoerse het bygedra tot die inslag op bedryfskoste, asook op die kapitaalkoste van ontwikkelingsprojekte.

Die handhawing van 'n hoé omsetsyfer en vrylike toevoer van produkte is van kardinale belang vir die groep vanweë die aard van sy werk. Bykans 45 persent van sy bates is van 'n vaste aard. Waardevermindering speel gevolglik 'n baie belangrike rol in die groep se vastekostestruktuur — sowat 27 persent van die handelswins

## Beheer

Voortgesette volle benutting van beskikbare bergings, vervaardigings- en vervoergeriewe is 'n voorvereiste vir 'n redelike opbrengs op kapitaal aangewend

In die boekjaar 1973 was die opbrengs vóór belasting 16,6 persent

'n Verdere faktor wat die belangrikheid van 'n hoe voortgesette omset beklemtoon, is die groep se lae winsgrens op omset, nl sowat 6 persent Ook dui dit op die belangrikheid om bedryfskoste onder strenge beheer te hou.

Volgens die voorsitter van die groep, mnr I J. D. Went
zel, behoort die hoë prys
wat die produsente deesda
vir hul melk en vleis kry, b
te dra tot verhoogde produ
sie en dus oor die lang
termyn tot voordeel van
groep te lei.

Ondanks die terugslag
die groep nou ondervind,
die bestuur van ICS hul
moéns bewys en behoort
groep teen 1976 weer
groeitendens van die verl
voort te sit.

Die groep het sy jaaren
verander van 31 Desem
tot 28 Februarie. Om dié
de is dit moeilik om wi
presies aan te dui, maar
dien die 14 maande-s
verwerk word tot 'n ja
fer, behoort die groep
18c per aandeel te verdi
'n onveranderde 10c pe
deel as dividend te beta

Teen die huidige prys
140c per aandeel lewer
opbrengs van 12,8 perse
'n dividendopbrengs va
persent. Met dié opbr
kan 'n verdere daling
aandeelprys oor die k
myn nie verseker wo
Inteendeel, 'n daling
onlangse laagtepunt
per aandeel is baie m

'n Belegging moet
gestel word totdat di
deelprys ongeveer 10
reik.

# New Black tastes perk up Cromill

Sun Times (Bus Times) 4/5/75

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By GORDON KLING

CROWN MILLS Holdings, one of the SUNDAY TIMES Top 100 companies, has managed to turn out a 9,8 per cent rise in earnings per share for the financial year ended February, despite a fall in profit margins caused by rising costs and a decline in meat consumption.

The final dividend has been raised 0,5c to 14c, making a payout of 24c (22,5c) for the year.

After-tax profit has risen to R782 000 from R712 000 on a 20 per cent increase in turnover to R10 356 000 from R8 597 000.

George Behrman, chairman of the spice, butchers' and catering equipment suppliers, says that high start-up costs of the Hulley and Rice spice operation at a new plant in Pretoria are now out of the way. Improved profits are expected this year.

Mr Behrman says trading conditions are favourable.

Cromill managing director, Tony Williamson, says the company is going for diversification. Mr Williamson took over the managing directorship from Mr Behrman last year in changes resulting from the acquisition of 22,7 per cent to the issued capital by former Sedgwick Taylor chairman, Douglas Jooste.

"The decline in meat consumption set in during the third quarter of last year because of consumer resistance to high prices, but meat was already down to just over 50 per cent of turnover and this will fall further," Mr Williamson said.

He sees great potential in the H and R spice operation among Black consumers and this is where much growth activity will focus.

"The spice market used to be confined almost exclusively to Natal, where consumption was greater than the rest of the country put together.

"This has changed and the Pretoria H and R plant is already exceeding budgeted turnover figures (It came on-stream too late to feature in the current results), and the Black Transvaal market will eventually overtake Natal.

"We've found some interesting taste differences emerging in the Transvaal and we've had to make adjustments to our lines, but we don't want to elaborate on this for obvious reasons."

The catering side is also being expanded more rapidly than the meat operation, but Mr Williamson says there is no question of running down meat — "It just isn't growing as fast as other areas."

"The company is after acquisitions in other fields and there should be some interesting developments in the next few months.

"We hope to have some cash off-flow this year (the dividend cover has been increased), and we'll find the money for good situations that come our way."

Cromill has tendered for premises near the new abattoirs in Johannesburg and a final decision on this is expected soon. In Cape Town the company is about to make an offer for a site in Maitland, where premises are to be built on a long lease basis.

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# TIGER OATS AND NATIONAL MILLING COMPANY, LIMITED

RDM 30/4/75

(Incorporated in the Republic of South Africa)

## CHAIRMAN'S REVIEW

The following is the review by the Chairman of Tiger Oats and National Milling Company, Ltd, Mr R L Frankel, which accompanies the directors' report and the accounts of the company

I have pleasure in presenting my review of the group's activities for the 18 months ended the 31st December, 1974 In this connection, members were advised, in a circular dated the 16th August, 1974, of the board's decision to change the financial year-end of the group to the 31st December, to coincide with the financial year ends of the fishing companies comprising the Oceana Group, all of which are now subsidiaries of your company

### FINANCIAL RESULTS

The group trading profit, before taxation, amounted to R33 531 000 for the 18 months under review, compared with a figure of R10 269 000 reported for the 12 months ended the 30th June, 1973 After deducting taxation and deferred taxation of R11 798 000 (previous 12 months ended 30th June, 1973, R3 676 000), profits of R2 966 000 (R246 000) attributable to minority shareholders in subsidiaries, and preference dividends totalling R62 000 (R41 000) the consolidated net profit of the company and its subsidiaries amounted to R18 705 000 (R6 306 000) — equivalent to approximately 169 cents (57 cents) per ordinary share, for the 18 months under review The figures just quoted do not include surpluses totalling R94 000 (R72 000), net of taxation, arising from currency variations nor surpluses totalling R126 000 (R35 000) arising from the realisation of certain land and investments

The above pre-tax profit of R33 531 000 is equivalent, on an annualised basis, to R22 354 000, and compares with R10 269 000 made during the 12 months ended the 30th June, 1973 However, the latter two figures are not comparable, as the profits for the latest accounting period embrace the group's share of total profits of United Oceana Holdings Limited and of Lamberts Bay Holdings Limited, following the reorganisation of the Oceana Group of Fishing Companies referred to later in this review In addition as will also appear later, the latest figures include the pre-tax profits of newly-acquired subsidiaries and, in particular, those of Meadow Feed Mills Limited, which became a wholly-owned subsidiary of your company as from the 30th June, 1973

Again on an annualised basis, the profits for the 18 months ended 31st December, 1974, gave rise to earnings of 113 cents per ordinary share, compared with 57 cents earned during the 12 months ended 30th June, 1973 and with earnings of 109 cents per share for the 12 months ended 30th June, 1974

The above figures do not embrace the operations of associate companies except to the extent of dividends received and credited to the income statement As will be seen from the relative summary contained elsewhere in this report, the group's share of the taxed profits of associates in which at least 30 per cent of the equity share capital is held, totalled, according to the latest accounts of companies concerned, R1 773 000, compared with the previous year's figure of R1 323 000, whilst the dividends received from this source during the period under review amounted to R1 068 000, compared with R349 000 received in the previous year If the undistributed profits of these associates for their respective past financial years were taken into account, the aforesaid group earnings of 113 cents per share would amount to 119 cents per share, as against 60 cents per share earned in the previous year

In line with the increase in profits, your board increased the dividend distribution to shareholders out of the profits earned during the 18 months under review

This was effected by the declaration of a first interim dividend of 13½ cents per share on the 8th March, 1974, by the payment of a second interim dividend of 17½ cents declared on the 29th August, 1974, and by the declaration of a final dividend of 21 cents per share on the 5th March, 1975, thus making a total of 52 cents for the 18-month period, compared with 25 cents paid in respect of the 12 months ended the 30th June, 1973

In the latter half of 1974 the group's land and buildings, excepting those belonging to the Oceana Group, were revalued, and the group's share of such revaluations reflected a surplus of R24 080 000 over book value This amount has been credited to capital (non-distributable) reserve and, after deducting sundry net debits totalling R67 000, details of which are given elsewhere in this report, the group's capital reserves as at the 31st December, 1974, totalled R43 787 000

An amount of R3 500 000 has been transferred to general reserve, thereby increasing that reserve from R11 500 000 to R15 000 000

### TURNOVER AND MARKET CONDITIONS

Group turnover during the 18 months under review totalled R391 000 000, compared with a figure of R152 000 000 reported for the 12 months ended 30th June, 1973 To give shareholders some idea of the group's internal growth, I would mention that, included in the figure of R391 000 000 were sales totalling R75 000 000 applicable to the Oceana Group and to new acquisitions, leaving a net figure of R316 000 000 On an annualised basis, this is equivalent to R211 000 000, which represents an increase of R59 000 000, or 39 per cent, over the turnover of R152 000 000 for the 12 months ended 30th June, 1973 It is estimated that about one-half of the increase arose from inflationary factors and the balance from a higher volume of sales. It follows therefore, that the basic demand for the food products manufactured by the group has again shown most satisfactory growth

The above figures exclude the sales of associate companies whose turnovers for a period of 18 months covered by their latest available accounts, totalled approximately R200 000 000, compared with sales of approximately R56 000 000 during the previous period of 12 months

For the information of shareholders, an analysis of group sales for the 18 months ended 31st December, 1974, is contained in the directors' report

Since the close of the financial year, turnovers in all divisions have been maintained at satisfactory profit levels, with the exception of the Oceana Group of Fishing Companies In the case of the latter group, for the reasons given later, it is not anticipated that the exceptionally good results achieved during the past two years will be maintained Your board nevertheless anticipates that the overall profit of your group for the current year ending 31st December, 1975, will be at least maintained

### SUBSIDIARY AND ASSOCIATED COMPANIES

In my two previous reviews, members were kept informed of the progress of the new maize and wheat mills being constructed at Randfontein by Delmas Milling Company Limited It is now pleasing to report that these mills, which rank amongst the most modern in the world, were completed by the target date and that they are now operating most satisfactorily and are turning out products of the highest quality Furthermore, the new new animal feed plant being erected alongside the new mills at Randfontein is making good progress and should be completed in the second half of this calendar year As mentioned in my last review, this plant is highly automated and includes the same sophisticated production facilities as those installed in the group's Pietermaritzburg feed plant. Production will accordingly be carried out under optimum conditions to the benefit of both, the group and all our "Meadow" customers in the area This entire complex, which also includes a modern bakery, is the consummation of a 3½-year construction period, preceded by two years of planning, and occupies a 6,5 ha site, now consolidated with our original 10 ha Randfontein site The new complex accommodates more than three kilometres of railway track, providing staging capacity for 270 large railway trucks, and incorporates high-speed bulk offloading facilities for the efficient discharge of 450 tons of grain per hour into silos with total storage capacity of 54 000 tons The entire complex is capable of processing in the neighbourhood of 55 000 tons of maize, wheat and feed raw material per month Well-planned amenities for employees incorporate modern change rooms, medical care, laundry and canteen services, as well as lecture theatres for specialised training in all technical divisions of the manufacturing operations

The establishment, on their new site, of the maize, wheat and feed mills referred to above has released to SA Oil Mills (Pty) Limited ground which is urgently required for the modernisation and expansion of production facilities The capital expenditure to be incurred by this subsidiary will be substantial, but your board is satisfied that the work, which has already been put in hand, is absolutely essential to ensure that the said company maintains its position within the industries in which it operates, comprising mainly the production of edible oils, peanut butter and pet foods

To relieve the pressure on the margarine plant in Simonstown in the Cape and to meet the growing country-wide demand for "Sunshine" and "Golden Spread" margarine, an additional factory for SA Margarine Corporation (Pty) Limited, a company jointly owned with The Imperial Cold Storage Supply Co Ltd, is being erected at Randfontein, on the site of SA Oil Mills (Pty) Limited It is anticipated that this plant will commence production early in the new year

In addition to the foregoing, your board decided to proceed with the construction of a new maize and wheat mill at Richards Bay, Natal, to meet the growing demand in the Zululand area and to reduce the pressure on our two Durban Mills The establishment of the new mill at Richards Bay will result in a saving in railage and distribution costs and will also enable us to provide an improved service to our customers in this large and expanding market

For some years now, our animal feed plant at Maitland in the Cape has been running at full capacity and the stage has been reached where the local management find it impossible to increase output any further It has accordingly been decided to proceed with the erection of a new highly-automated animal feed plant at Paarl, along the same lines as our Pietermaritzburg and Randfontein Plants This new facility at Paarl will enable the group to meet the current, as well as all foreseeable, demands for "Meadow" in the South Western Cape and, at the same time, give an improved service to our customers

The board's decision to authorise the above two major undertakings is in line with its policy of ensuring that the Group maintains its market share in all the fields of activity in which it operates, and this can only be done by erecting the required production facilities in anticipation of increased demand In line with this thinking, the group is also erecting in Cape Town a modern, automated baking plant to replace the existing plant owned by a newly-acquired subsidiary Silverleaf Pastry and Confectionery Company (Pty) Limited

To ensure that they, too, will be able to meet anticipated growth in demand, the plants owned by Meadow Feed Mills Limited at Pietermaritzburg and by Universal Mills Limited, Durban, are in the process of being enlarged In addition, the refinery capacity of Universal Oil Products (Pty) Limited in Durban is being increased, and that subsidiary is also expanding its operations by the erection of a new solvent plant Furthermore, at Maydon Wharf, the terminal storage facilities owned by Durban Bulk Shipping Company (Pty) Limited, will shortly be augmented.

In the light of the steady increase in the demand for canned and fresh mushrooms late in 1973 it was decided to expand the growing facilities of Silverstream Mushroom Products (Pty) Limited by erecting an advanced growing centre on ground owned by the company at Kyalami in the Transvaal This facility, which is one of the most sophisticated of its kind, together with the modern mushroom canning factory which was constructed at the same time, has transformed what was previously a farming enterprise into an industry, and has placed Silverstream Mushroom Products (Pty) Limited in a position to satisfy not only the increase in local demand, but also to take advantage of expanding export markets

In the last year's review, reference was made to the proposed reorganisation of the shareholdings in the various companies in the Oceana Group I am now able to report that the proposals were duly approved at shareholders' meetings of all the companies concerned and that, as a result of such reorganisation, and of the purchase of additional shares since then, your company now owns approximately 95 per cent of the equity of United Oceana Holdings Limited, which company owns approximately 6 per cent of the issued share capital of Lamberts Bay Holdings Limited The latter company, in turn owns approximately 34 per cent of the issued ordinary share capital of Sea Products (SWA) Limited

The above reorganisation represented the culmination of our efforts to simplify the extremely complicated structure of the Oceana Group which existed at the time we entered the inshore fishing industry, and the revised structure undoubtedly enables shareholders in the said group to be presented with a more simplified and accurate picture of the operations and earnings of the respective companies in the group

Apart from our interests in the Oceana Group, the Tiger Oats and Oceana Groups together continue to own in excess of 20 per cent of the issued share capital of South West Africa Fishing Industries, Limited ("Seaswas") reported increased earnings of 86 cents per Willem Barendsz Limited and Sarusas Ontwikkelings Korporasie (Edms) Bpk

The past season proved to be a good one for the inshore fishing industry, both in the Republic and in South West Africa, and, notwithstanding the heavy escalation in costs, Sea Products (SWA) Limited ("Seaswas") reported increased earnings of 86 cents per ordinary share for the 1974 calendar year compared with 70 cents made in 1973 In the case of Lamberts Bay Holdings Limited ("Lamberts Bay"), although earnings were fractionally lower — 42 cents per share for 1974 against 45 cents in 1973 — the result was still highly satisfactory Unfortunately, however, towards the end of last year the price of fish meal on the industry's export markets eased considerably, following a sharp drop in the price of soya meal, in line with other commodity prices. It was also found necessary to reduce the price of rock lobster in the United States of America, which is the lobster industry's main export outlet and where market conditions have been less favourable Although the export realisation in respect of rock lobster has firmed up somewhat recently and whilst it is also anticipated that the export value of fish meal will improve later in the year, all indications nevertheless point to a fall in earnings in the inshore fishing industry during 1975

Since the date of my last review, the company acquired a family-owned business in Bloemfontein known as the Prodkor Group of Companies, maize millers and distributors of food and feed products Bloemfontein is a growth point in the Republic and this acquisition will enhance the national distribution network for all our proprietary lines In addition, we acquired the entire share capital of National Nut and Preserves (Pty) Limited, processors and distributors of "Little Jay" edible nut products, and of The Willows Mushroom Farms (Pty) Limited, mushroom growers We also purchased fractionally in excess of 50 per cent of the equity of Kosskorr (Pty) Limited, manufacturers of "Ma Wagner" pies — an important and developing market sector — and 50 per cent of the issued share capital of King Food Corporation (Pty) Limited. The latter company produces "King Korn" malt, a high quality pre-packed product required for the preparation of Bantu beer. During the same period, we purchased the remaining 50 per cent of the issued share capital of Durban Bulk Shipping Company (Pty) Limited, the company which operates our terminal elevators and which facility is invaluable to our bulk export trade Furthermore, we acquired the remaining 33⅓ per cent of the issued share capital of Model Baker (Pty) Limited, which is, therefore, also now wholly-owned

Turning to listed investments, our major acquisition during the period under review was the purchase of fractionally over 23 per cent of the issued ordinary share capital in J Bibby & Son Limited, full details of which were given to shareholders in a circular dated 21st May, 1974 Since that date, our holding in this company has been increased to just short of 27 per cent Although the latest results reported by J Bibby & Son Limited have not come up to earlier expectations, due to general economic conditions currently prevailing in the United Kingdom, there is little doubt that, from an operational point of view, the said group is most efficient and your board is confident that, in the long term, this diversification will prove to be highly satisfactory

Although your group's activities have been, and will continue to be, concentrated mainly in the Republic, the Board nevertheless considers it essential to become associated, wherever possible, with leading international groups operating in fields of activity similar, or allied, to our own Tiger Miles Protein Industries (Pty) Limited, a partnership between your Group and Miles Laboratories, Inc, of the USA as also our partnership with Diamond Shamrock Corporation, of the U S A, in Diamond Shamrock (Africa) (Pty) Limited (to both of which reference was made in my last review) are evidence of such associations — in these cases, the operation of jointly-owned factories in the Republic. The investment in J Bibby & Son, Limited, referred to above, was made in pursuance of the same philosophy This policy was further implemented during the current year by the exchange of our 50 per cent interest in the Wainstein group of companies, the processors and distributors of "Tastic" rice, for 437 000 ordinary shares in Riviana Foods Inc, of Houston, USA, which shares have a total market value in the region of R5 600 00

Riviana Foods Inc ("Riviana") is a diversified consumer products company and markets a variety of branded speciality foods and other consumer products throughout the USA and more than 80 foreign countries The said company is heavily involved in the processing and marketing of rice around the world and also operates a network of fully-serviced family style restaurants in the USA

The Wainstein family's interests in the Wainstein Group are not affected by the above transaction and the existing arrangements pertaining to the distribution of "Tastic" and other brands of rice by the Tiger Oats Group will continue as heretofore, with nominees of your company continuing as members of the boards of all the companies in the Group In addition, I have been appointed as your company's representative on the board of Riviana and will also be joining the board of Riviana Agronomics Inc, an international food corporation having close ties with several major American and European companies primarily interested in rice development projects in Brazil, Indonesia and Iran A nominee of your company has also been appointed to the board of Riviana International Inc

From the foregoing, shareholders will appreciate that the transaction which has been concluded does represent a disinvestment from the rice milling industry but rather an extension of our interest in such activities to the United States and various other countries throughout the world It should also be mentioned that the transaction will not have any material effect on group earnings.

Still on the subject of listed investments, during the period under review, we further increased our shareholding in Metro Cash and Carry Holdings Limited (now over 30 per cent), in The Imperial Cold Storage and Supply Company Limited and in Palte-Harris Industrial Holdings Limited

Referring to the group's interests in unquoted associate companies, almost without exception, these reflected continued growth and, in particular, the profits of County Fair Foods (Pty) Limited and the Radue Companies — C F Radue & Co (Pty) Limited and Radue's Roller Mills (Pty) Limited — for their latest accounting periods were excellent

Before leaving the subject of the group's investments, it should be mentioned that the aggregate market value of our listed investments have risen materially since the 31st December last

### PROPRIETARY LINES

Once again, I am happy to report that the group's branded grocery products made good progress during the year under review Our original brands such as "Jungle", "Black Cat", and "Tiger" maintained their entrenched positions as brand leaders, whilst household names such as "Lion", "Somol", "Ronel", "Edib", "Glenmore", "Silverstream", "Cherrywood", "Little Jay", and "Star" did well in their respective markets

The group's range of maize and wheaten products, sold under the well-known trade names "Golden Cloud", "Silver Cloud", "KSM", "Cream of Maize", "Crown", "Induna", "Bayete", "Congella", "Indaba" and "Ace", continue to hold a very important position in the mass market for staple foodstuffs Equally commendable was the performance of the brands marketed by our associate companies viz "Sunshine" and "Golden Spread" (SA Margarine Corporation (Pty) Limited), "Golden Rand" (the Radue Companies), "Red Seal" (The Palte-Harris Group), "King Korn" (King Food Corp (Pty) Ltd ), "Ma

CONTINUED ON COLUMNS 8, 9 & 10.

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30/4/75

# TIGER OATS AND NATIONAL MILLING COMPANY LIMITED

Wagner" (Kosskorr (Pty) Ltd.) and "County Fair". In addition, "Tastic", which we continue to distribute

In the animal feeds division, "Meadow" balanced rations are as popular as ever in the Republic's agricultural sector and continue to be accepted as the official feed of the South African Poultry Association, whilst our "Dogmor" and "Catmor" petfoods have now firmly established themselves amongst the leaders in this field.

During the period under review, a computerised marketing information system was introduced, with a view to monitoring brand performance and maintaining an aggressive approach to our marketing relations in the Republic's highly competitive retail environment In this connection, it is of interest that your group now markets grocery lines in 16 major product groups, broken down into some 26 major brand names and approximately 245 individual packagings.

**PERSONNEL**

In my last review, I reported in detail on the steps being taken by the group to keep abreast of developments in the personnel field and, in particular, in the utilisation of Coloured and Black labour. Since then, a highly qualified Personnel Officer has been appointed, and I am happy to be able to report that much progress has been made under this most important heading and especially in the implementation of "in-house" training for Africans There is little doubt that the proper utilisation of the country's manpower resources must remain the Republic's paramount objective, and the lead being given by the Government and other civil authorities throughout the country is most encouraging and augurs well for our future prosperity

Whilst on the subject of personnel, shareholders will be interested to learn that the group now has in its employ more than 10 000 persons of all races.

**GENERAL**

Although certain countries appear to be gaining the upper hand in the battle against inflation, they are very much in the minority The uncontrolled escalation in costs throughout the Western world continued unabated during the period under review, and it is no exaggeration to state that, in some countries, this phenomenon has challenged, and continues to challenge, the very foundations on which our Western economy has been built. Unfortunately, South Africa has not been able to escape these inflationary forces and, indeed, at the present time, the rate of inflation in the Republic is one of the highest amongst the industrialised countries. Fortunately, the Republic is better placed than most countries to face this problem, by the further exploitation of its natural mineral and agricultural resources and also by making more effective use of its manpower It must be admitted, however, that an easy and quick solution is not in sight.

Insofar as your group is concerned, the cost explosion has made its greatest impact on the cost of replacing and extending production and other manufacturing facilities and on the financing of raw materials and customer's accounts. In the case of plant and machinery, the Government has announced that the subject is being studied, and it is to be hoped that such investigation will enable the authorities to alleviate this serious problem facing industry in general. In the meantime, your board has made satisfactory arrangements for the provision of short and medium-term funds to finance the anticipated growth in the group's activities These facilities, coupled with the cash being generated internally by depreciation provisions and by the cautious dividend policy now being followed, should prove adequate to meet our needs

As the above review and accompanying report and accounts indicate, the growth of your group has more than kept abreast of the growth in the economy in general It should be emphasised, however, that, while the overall picture reflected in our accounts is highly satisfactory, it must be borne in mind that these profits have been contributed by well over one hundred operating subsidiaries and associates, each of which is a business in its own right, headed by a Managing Director, assisted by a team of senior executives, all of whom spare no effort in endeavouring to earn a reasonable return on the assets employed in their respective companies Looking at the group as a whole, this return is a modest one indeed, and, based on the latest accounts, amounted to approximately 14% before tax, calculated on total assets employed. In relation to sales, the percentage profit, after tax, amounted to 4,8%. Furthermore, even these returns would not have been achieved but for the close attention which the Managing Directors and staffs of our numerous subsidiary and associate companies pay to all the facets of their individual businesses, and particularly by constantly trying to improve efficiency and by watching every item of expenditure In this latter connection, it is submitted that industry and commerce are not being helped by the high interest structure presently prevailing in the Republic. There is little doubt that interest and finance charges have come to be regarded as cost items, just like any other expense, and this has undoubtedly helped to intensify the rate of inflation. Furthermore, the prevailing interest structure is acting as a deterrent to the private sector, which is particularly regrettable in the light of the necessity to increase the rate of industrialisation in the Republic and thereby create employment for our rapidly growing labour force

To conclude this review, I would again take the opportunity of thanking my co-directors most sincerely for their continued support and advice during a period of sustained activity and, on behalf of the board, it is my pleasure and privilege to thank the senior executives and staff of all our subsidiary and associate companies for their enthusiasm and hard work, which contributed so substantially to the results before you. I would also like to thank the officials of the Railway Administration and of the various Control Boards for their valued assistance and co-operation

The annual general meeting of the company will be held at 44, Main Street, Johannesburg, on Friday, the 16th May, 1975, at 10 30 a.m.

# TIGER FOOD FOR AFRICA

Sun Times (Bus Times) 27/4/75 (186)

By JON ABBOTT

**TIGER OATS is to spend R32-million in the next three or four years on additional facilities to provide food for Africa.**

South Africa had a great potential for feeding the many African countries that still have to import food, said Rudy Frankel, chairman of Tiger Oats, when he commented on his review in the company's report published this week.

For this reason and because his company anticipated South Africa's population would reach 50-million by the turn of the century, Tiger Oats was gearing up now to feed those extra millions.

He said that with the exception of one African country, South Africa was exporting very little food to the rest of Africa. Tiger's main export markets are in Europe and the Far East.

He said that with the success of detente he expected South Africa to supply more and more food to the rest of Africa as well as its other export markets.

Tiger's main expansion projects, all of which should be complete in the next two or three years, are:

- A complex at Randfontein costing R20-million or more that includes maize and wheat mills which are already in production plus an animal feed plant that is nearing completion, a bakery, a margarine factory and other facilities;
- A R6-million maize and wheat mill at Richards Bay to meet the growing demand in Zululand and to reduce the pressure on the two existing Durban mills. This should be complete within about two years.
- A R6-million animal feed plant at Paarl, Cape. This is to replace the existing feed plants at nearby Maitland which cannot increase output any further.
- R3-million to increase the refining capacity of Universal Oil Products in Durban. That subsidiary will also be building a new solvent plant, and extra terminal storage facilities of Durban Bulk Shipping are to be built at Maydon Wharf.

During the last year the Tiger group added to its growing list of more than 100 companies by gobbling up the Bloemfontein Prodkor group, a family-owned concern of maize millers and distributors of food and feed products; National Nut and Preserves, processes and distributors of "Little Jay" nut products, and the Willows Mushroom Farms.

Tiger also took a substantial bite out of Kosskorr, manufacturers of "Ma Wagner" pies, by acquiring 50 per cent of the equity and it also purchased a half share of King Food Corporation. King Food produces "King Korn" malt, a prepacked product required for the preparation of Bantu beer.

Tiger also acquired the remaining 50 per cent of the shares of Durban Bulk Shipping which it did not already own, as well as the remaining 33,33 per cent of the shares of Model Bakery.

Tiger expanded its foreign interests by purchasing a 27 per cent interest in the British food company of J. Bibby and Son.

Tiger made a taxed profit of R18-million for the 18 months ended December 1974 on a turnover of R392-million. In his chairman's report, Mr Frankel says that the return calculated on total assets employed is a modest one of approximately 14 per cent before tax. In relation to sales the percentage profit after tax amounted to 4,8 per cent.

He says that industry and commerce are not being helped by the present high interest rates.

"There is little doubt that interest and finance charges have come to be regarded as cost items just like any other expense and this has undoubtedly helped to intensify the rate of inflation.

"The prevailing interest structure is acting as a deterrent to the private sector. This is particularly regrettable in the light of the necessity to increase the rate of industrialisation in South Africa to create employment for our rapidly growing labour force."

SUNDAY EXPRESS 27/4/75 (186)

**SOUTH AFRICA'S lucrative R2 342-million agricultural industry is facing crisis — probably the worst the country's 80 000 farmers have had to contemplate.**

Escalating costs of production and transport, loss of overseas markets and local consumers' resistance to price increases are combining to make farming a high-risk operation.

Experts predict that one bad season could make hundreds of farmers bankrupt. Already many small farmers have been forced off the land.

**By NORMAN TAYLOR**

And for the man in the street there is the chilling news that a fresh spate of price increases on essential commodities is just around the corner.

The price of maize has just risen and price increases for beef, mutton, pork, grain sorghum, fresh milk, butter, cheese and condensed milk are expected soon.

Bread prices, which rose late last year, are expected to be increased again this year.

In addition there is the possibility of another hike in petrol prices — on top of the 2c a litre as a result of last month's budget — and a 20 per cent increase for coal.

## Worst

One of the worst hit areas in the agricultural sector is exports, which earned South Africa R950-million last year.

Already —

- The overseas market for South African citrus juice has collapsed because of oversupply by Brazil.

This represents between R1-million and R3-million of the R94-million citrus export industry.

The Citrus Board will do all possible to avoid dumping and consumers can expect lower prices when the extra supplies start reaching the domestic market next month.

- South African wine exports to Britain will take a knock as a result of the British budget, which added 50c to the price of a bottle of wine.

Despite suppliers' optimism that sales will build up quickly, less South African wine will be sold in Britain in the short term.

It is unlikely that South Africans will benefit from cheaper wines.

- A granadilla juice factory at has been forced to close because of oversupply on the European market.

About 200 farmers, who have geared production to the factory, may have avoided financial disaster by agreeing to sell granadillas at R50 a ton instead of R100.

They are discussing the possibility of buying the factory and running it as a co-operative to undercut European prices.

- In the R60-million canned fruit export industry sales are well down on last year's figures because of economic conditions overseas and buyers holding stock.

## Hardship

The industry could lose about R12-million as a result but the SA Canned Fruit Export Board is hopeful of selling 75 per cent of last year's figure. It expects it may have to hold some stock.

- South Africa, like all wool producing countries, is suffering from low wool prices. More than a third of the country's farmers derive income from wool.

On the domestic side the increase in the maize price (up R6 to R56 a ton) has upset consumers and growers, both claiming it is unfair.

Consumer groups say the higher price will cause hardship among Africans and low-income Whites.

It will mean that animal and poultry feed will cost more and as a result beef, pork, poultry, eggs and dairy produce prices will rise.

It has already been announced the price of milk is expected to rise by between 2c and 3c a litre within a fortnight.

## Not enough

Farmers claim the increase in the maize price is not nearly enough to offset the 21,6 per cent increase in production costs they have incurred during the last year.

Fertilisers alone rose by 38 per cent in January, adding about R60-million to the farming bill.

The row over the maize price has brought the Maize Board into direct conflict with the Government.

It is understood that this is the first time one of South Africa's 22 agricultural control boards has openly chal[illegible]

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Sun Times (Bus Times) 27/4/75

# Fruit exporters have urgent task

By GORDON KLING

SOUTH AFRICA'S fruit canners have begun an urgent study of measures required to counter an alarming fall in export sales.

The home market is healthy with strong demand at firm prices, but it accounts for only 10 per cent of total production. The R60-million export side has been caught in a vicious circle.

Noel Lawson, manager of the Canned Fruit Export Board, says the British market, which was worth R38-million last year (Europe accounted for sales worth R16-million, while Canada, Africa and Japan took a total of R6-million) has been over-supplied.

Buyers last year had ordered at the same level as in 1973, but consumption fell by 20 per cent as a result of the three-day working week and other related circumstances.

The British distributors decided to spend less on promotion to counteract rising costs and dispose of the overhang on the market quickly.

This strategy backfired and resulted in still lower consumption. The main South African canners are now reporting orders running at only half the level of this time last year.

Mr Lawson says the situation is serious but the industry saw it coming.

"Prices of our products in Britain and on the Continent have doubled in the past two years because they were held too low for too long.

"This year prices are virtually unchanged and they are where they should be.

"The study group we've established will report as soon as possible on methods of revitalising promotion.

"Unlike Australia, which has been selling under one easy-to-advertise label for the last 18 months, South Africa has been supplying a multitude of buyers' labels.

"These labels had been increasing our share of the market against the Australians, but some scheme to support the advertising compaigns of South African buyers is now needed.

"A recent survey shows the ironically named Australian Gold Label is now the best known in Britain.

"And the Australians reduced their prices by 5 per cent earlier this month.

"This has concerned exporters here who have been trying hard to achieve price stability.

"The comparatively low shipping rates between Cape Town and London which South African canners enjoy have been offset by higher losses through damaged cargo, unlike their Australian rivals, who containerise

"South African canned fruits are not due for containerised export until 1978, and at present there is even a shortage of pallets."

Mr Lawson says the industry hopes the Government will be able to do something about the European Economic Community tariff barrier against canned fruit imports at the next Gatt round.

The tariff, which is currently at 10 per cent in Britain and will rise to 24 per cent by 1978 (where it already stands on the Continent), is ridiculously high, he says

"Even if EEC members produce flat out, they'll still have to import 60 per cent of their requirements

"The high tariff will simply discourage consumption, particularly when combined with another innovation, the EEC permanent anti-dumping device

"This will soon be used to apply a floor price on canned peaches which could be linked to the production costs of European canners"

Mr Lawson says the industry still hopes for only a 25 per cent drop in export sales this year. The lower volumes are a result of short-term economic conditions, he says But competition problems are not

"Politics isn't a problem — we just have to get the right quality on to the market at the right price"

**Noel Lawson . . . "We've got to step up our promotion."**

Meanwhile, the Deciduous Fruit Board, now half-way through its current selling season, says sales are going well and producers can expect higher payments this year

STAR 18/4/75

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**South Africa faces an export earnings loss of about R12-million because its overseas market for canned deciduous fruit — mainly peaches, pears and apricots — has been slashed.**

STAR 18/4/75

The cut comes on top of the collapse of its overseas citrus juice market, probably leading to a foreign exchange loss of about R2-million, following the oversupply of Brazilian juice in Europe.

The citrus industry may have to dump frit The Star has already investigated reports of grapefruit dumping in the Hectorspruit area of the Eastern Transvaal, but no evidence has been found to support them.

It is reported from Cape Town that overstocking and depressed economic conditions in Europe will result in South Africa's export markets for canned deciduous fruit being slashed by 20 percent this year.

Based on the value of last year's production, this would mean a loss of about R12-million in export earnings.

### IMPROVEMENT

But the manager of the Canned Fruit Export Board, Mr N J Lawson, is quoted as forecasting an improvement "from about July onwards."

The chairman of one of South Africa's biggest citrus juice producing companies, Mr Hugh Hall, said today· "This is going to be a difficult year, but we will come through"

He said there would be no question of South Africa losing its overseas markets to Brazil.

Brazil was in a worse position than South Africa because the bulk of its fruit production went into juice. South Africa was more concerned with fresh-fruit exports.

### FREE FRUIT

About 15 percent of South Africa's total citrus crop is processed for export juice. Fresh fruit, under the Outspan stamp, will apparently not be affected.

Already South Africa's grapefruit farmers have been told that small fruit will not be accepted by the Citrus Exchange. The exchange has told a number of charities there is the possibility of free fruit becoming available during peak marketing periods in the next five months.

Now the Citrus Exchange is hoping to market a bigger proportion of the bumper crop as fresh fruit. Contracts have been signed for the export of 3-million cartons to the

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# Fruit canners have the pip over exports

Sun Times (Bus Times) 13/4/75

By GORDON KLING

SOUTH Africa's fruit canners — bruised by falling export sales — are to hold an emergency meeting with the SA Canned Fruit Export Board in Cape Town on Tuesday.

The country's canners will discuss what should be done to halt the dramatic 50 per cent drop in their overseas sales at a time when overseas dealers are reported to be overstocked.

The first signs of price cutting appeared this week with a 5 per cent reduction in the price of Australian tinned fruits on the British market.

The record deciduous fruit crop last year, the largest in South Africa's history couldn't have come at a worse time. The fruit canners are highly concerned about a drop-off in the export market.

Sources in the industry say the crop was in poor condition, which will mean high processing costs at a time when transport, labour and packaging costs have already risen to new heights.

Johan Mouton, general manager of the giant Langeberg Ko-operasie, says export sales are down by 50 per cent on last year and the lucrative Japanese market has all but vanished.

Dr Mouton says the company has just been hit with an 11 per cent increase in the price of tin cans, which make up a quarter of production costs. He sees no way in which export prices can be lowered.

FM 7/3/75 (186)

## SUGAR INDUSTRY WAGES

# Another 10%

**he sugar industry's** bid to keep the ines' big bad wenela wolf from its oorstep by hiking field workers' wages *FM* February 7), is having a ripple fect

Unskilled and semi-skilled sugar factory workers will be getting a 10% increase in minimum rates from May 1, beyond those laid down in an existing agreement between the Sugar Manufacturing & Refining Employers' Association, three White trade unions (Amalgamated Engineering, SA Electrical Workers' and the Sugar Industry Employees' Association), an Indian union (Natal Sugar Employees', representing all unskilled workers) and the Labour Department, representing Africans

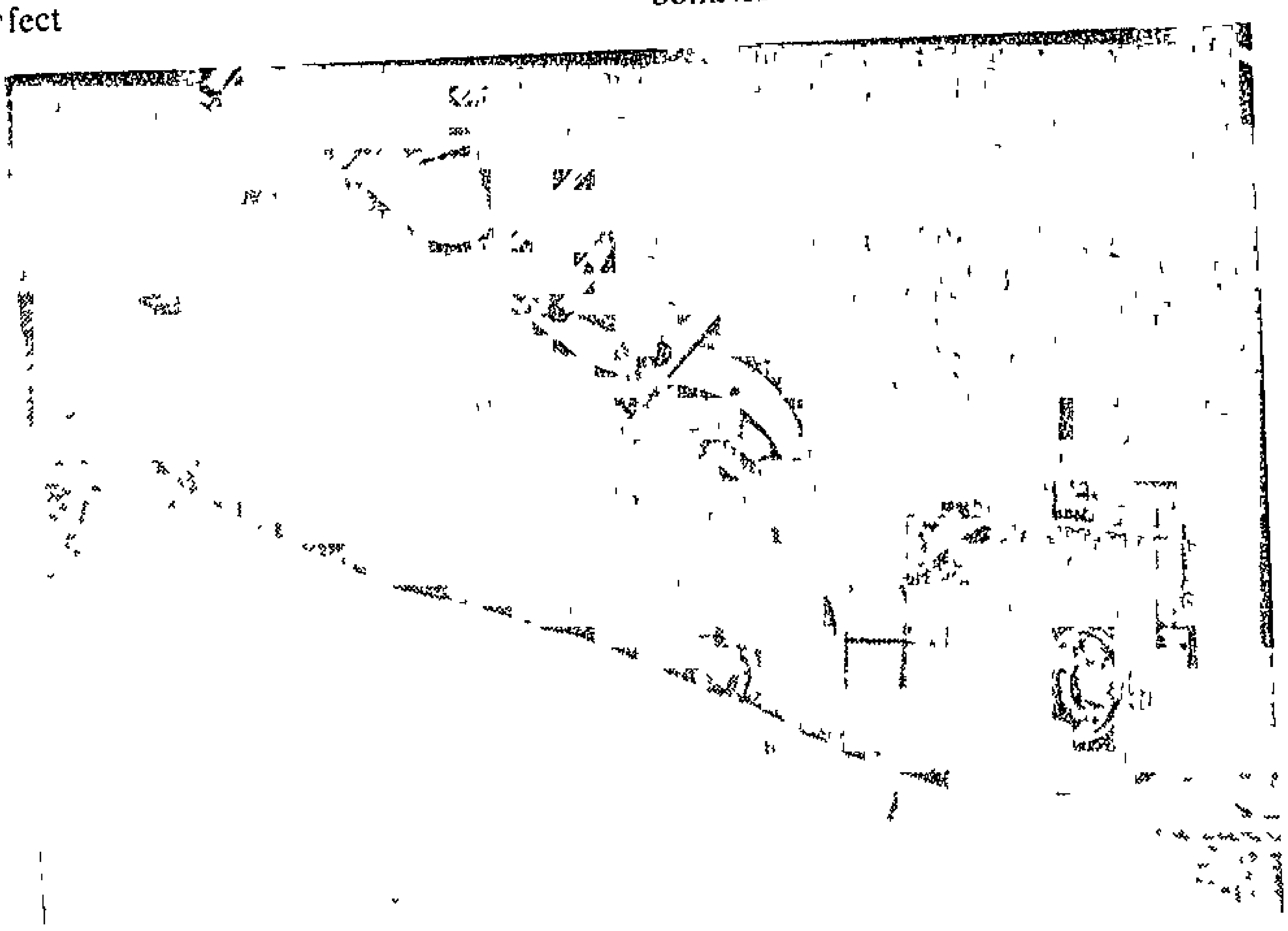
The agreement covers 830 Whites, 2 386 Indians, 65 Coloureds and 7 181 Africans

The increase will mean that since the industry began lifting factory wages in April 1972, an unskilled worker's lowest basic wage will have risen 84% — to R59,80 a month With food, accommodation, medical aid and social welfare reckoned at R40, his earnings will be equivalent to R99,80 a month, or R23 a week

The new rate will take him slightly ahead of the figure thrown up by the Natal Employers' Association mid-January spot survey, which showed the minimum average starting rate for unskilled workers in the Durban-Pietermaritzburg area was R21,11 a week

Artisans will have their lowest basic rate boosted to R225,90 a month, or 30% above the minimum prescribed rate of R174,40 a month when the existing agreement was being assessed

So, to that extent, the industry's wage gap between unskilled workers and artisans is being narrowed — though, of course, artisans have valuable additional perks in shift allowances and holiday bonuses



Sugar for Africa . the industry's watching the mines

MANUFACTURING – FOOD

NOV. 1976 – OCT. 1977

FIN MAIL 5/11/76 (186)

# THE PREMIER MILLING COMPANY LIMITED

(Incorporated in the Republic of South Africa)

Directors J Bloom (Chairman), A H Bloom (Deputy Chairman), A G Gray, L Jaffee
L K Japhet, A Kramer (British) J R S van Selm, G H Weston (Canadian),
P G A Wrighton A Yates (British) Alt J A Ras, Dr S J P Smit

## NOTICE TO SHAREHOLDERS

## DECLARATION OF ORDINARY DIVIDEND AND INTERIM PROFIT STATEMENT

### 1. Declaration of Ordinary Dividend

Notice is hereby given that a dividend of 14 5 (fourteen comma five) cents per share (1975 13 (thirteen) cents per share) has been declared payable on or about 21st January 1977 to shareholders registered in the books of the company at the close of business on 24th December 1976

The transfer books and register of members will be closed from 25th December 1976 to 2nd January 1977 both days inclusive

In terms of the South African Income Tax Act, 1962 a non resident shareholders tax of 15 per cent will be deducted from dividends payable to shareholders whose registered addresses are outside the Republic of South Africa

### 2. Interim Profit Statement

**The unaudited profits of the company and its subsidiaries for the half year ended 30th September 1976, are summarised hereunder**

| | | Half year ended 30th September 1976 | | Half year ended 30th September 1975 | | Year ended 31st March 1976 |
|---|---|---|---|---|---|---|
| Group Sales | | R287 000 000 | | R230 000 000 | | R481 000 000 |
| Group profits (after depreciation but excluding capital profits) | | R21 918 000 | | R17 804 000 | | R37 138 000 |
| **Less** Interest on borrowed money | 4 357 000 | | 3 839 000 | | 7 864 000 | |
| Taxation | 6 880 000 | | 5 027 000 | | 10 146 000 | |
| Minority interests | 242 000 | | 201 000 | | 445 000 | |
| | | 11 479 000 | | 9 067 000 | | 18 455 000 |
| Net Profit | | 10 439 000 | | 8 737 000 | | 18 683 000 |
| **Less** Preference dividend provided | | 34 000 | | 34 000 | | 68 000 |
| Net Profit attributable to ordinary shareholders | | 10 405 000 | | 8 703 000 | | 18 615 000 |
| Earnings per ordinary share | | 40,8 cents | | 34 1 cents | | 73 0 cents |

Despite the fact that Group sales increased by 24,8% and Group trading profits (after depreciation and interest) by 25 8%, net attributable profit after taxation increased by 19 6% This is due to the higher rate of taxation and the Group s lower utilisation of investment allowances These results can be considered most satisfactory particularly in the light of the present difficult economic situation The increased profitability is mainly due to greater plant efficiencies higher volume turnover and increased exports

In pursuance of the Group s stated policy of operating at low margins in the sale of basic foodstuffs, the percentage of net profit to turnover is 3 6% as compared to 3 9% for the last financial year indicating that the Group absorbed a large proportion of cost increases during the period

Due to the current tight monetary conditions Group capital commitments have been restricted to essential projects only and now stand at R7 000 000 compared with R11 000 000 as at March 31 1976 These projects will be funded internally

On the assumption that there will be no further significant deterioration in the economic climate or level of social unrest it is expected that the profits for the second half of the year should at least equal those now published

TRANSFER SECRETARIES

Hill Samuel Registrars (S A ) Ltd
Ground Floor The Corner House
63 Fox Street Johannesburg 2001
(P O Box 62318 Marshalltown 2107)

BY ORDER OF THE BOARD

J BLOOM
P G A WRIGHTON Directors

31 October 1976

(1) 3. Fruit
(2) 186

FIN MAIL 19/11/76

## FRUIT CANNERS

# No sugaring the pill

**No sooner** had SA fruit and vegetable canners returned from Pretoria where they asked for an increase in their R10m overdraft facility with the Reserve Bank (*FM* last week), than a deputation hot-footed it to Durban this week to negotiate with SA Sugar Association for special treatment against the sugar industry's 47% price hike

A prominent canner said this week that although sugar makes up only about 5% of production cost, the R60/t hike from R126/t, added to the industry's severe export problems in the UK, can only aggravate the situation. It adds some R3,6m to the normal production bill The canning industry consumes about 60 000t/year of sugar

While canners wait for the outcome their problems are not diminishing Sales of canned deciduous fruit in the UK which normally account for about 66% of the export pack, continue sluggish UK sales may be 25%-30% down for the second year running and there is a prospect of a substantial carry-over into the 1976/77 season which opens next month with the delivery of early varieties of fruit

In 1975/76 production was healthy, apricots improved 8% to 18 000t, peaches 5% to 125 000t and pears 10% to 43 000t.

Although most of the export pack of about 8m basic cartons (1 carton = 24 1 kg tins) has been sold forward, export deliveries are made on demand from the buyer while stocks are kept in SA and payment is effected only after sale If sales are slow canners have cash flow problems since all their outgoings (sugar, fruit, cans, labour, etc) have to be paid cash, which means they have to wait up to 12 months for their money while holding stocks at 12%-14%.

The R40m/year UK market is beset with many problems, quite apart from the fact that the decline of sterling against the rand has raised prices for the British housewife.

Strapped for cash, there are obvious limits to the amount SA exporters can spend on UK sales promotion exercises.

Ocean freight and the CET are other headaches. Steady increases in the former automatically push up the latter because duty is calculated on the CIF value of UK/European imports SA peaches and apricots are subject to a 24% duty and pears to a 22% duty in Europe, and 19,2% and 20% respectively in the UK. From January 1978 duty goes up to 24% all-round On December 27, when the new canning season gets into swing, ocean freight rates on SA/Europe conference lines carriers will go up another 15%.

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## SUGAR INDUSTRY

FIN MAIL 3/12/76

# Wage sweetener

**Some 16 000** workers in the industrial sector of the sugar industry will benefit from a new Industrial Council agreement to be gazetted early next year.

Unskilled and semi-skilled workers (rates 1 to 12) had a 50% increase on October 1 to take monthly cash wages up to a range of R76,71 to R171,12. They can expect another 10% on April 1 and 5% on October 1 in each of the next two years.

"Most workers in these grades," says Glyn Taylor, chairman of the Sugar Manufacturing and Refining Employers Association, "receive board and lodging (worth a minimum R40/month) whilst others get a free house."

For the first time these grades will receive a bonus of 2,5% of basic annual salary this December, doubled up next December. Their qualifying period for a third week's leave has been reduced from 10 years to five, and a shift allowance of 7,5% will be introduced on April 1 which will then be the common rate for all grades.

At the skilled end of the scale (rates 13 to 16) improvements have been implemented from December 1 by a gentlemen's agreement. The basic hourly rate of 120c has been raised to 140c and another 10c will be added to this minimum rate on April 1 next year and in 1978. Better shift and call-out allowances, and an extra day for employees required to work on Christmas and New Year's Day, both of which fall on a Saturday this year, have also been granted.

To consumers, who have been faced with a steep sugar price increase lately, this generosity may seem a little misplaced.

"Not so," says Taylor. "It is merely enabling employees in the industry to keep slightly ahead of the cost of living and besides, we have to remain competitive. When we started improving wages in 1972 we had to come off a very low base and it was better to increase wages steadily on an annual basis with defined goals rather than on an *ad hoc* basis with possible disruptive effects.

"In view of the industry's position we did consider slowing down the rate of advance but decided there could be no turning back on measures which were already largely agreed."

In drawing up the new agreement — which will run to March 31, 1979 — Africans, previously represented by a Department of Labour official, participated directly through works and liaison committee representatives (except in the voting, from which they are excluded by law).

The price of progress?

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Cape Times 5/1/77

# Surplus reduction slow — Dairy Board

Own Correspondent

PRETORIA — The Dairy Board had had only "limited success" in trying to reduce butter and cheese surpluses, the public relations officer of the board, Mr J J B Rabie said yesterday, but added that it was still too early for a proper assessment

He said that approximately 1 500 tonnes of butter and 3 000 tonnes of cheddar cheese are now surplus stock in Dairy Board depots throughout the country.

He added that the surpluses were not regarded as "that important" at the moment. The rate of butter and cheese production was dropping all the time and surpluses would be sold, but he could not give a date by which the surpluses would be notably reduced

"What does concern us right now is the cost of storage of this butter and cheese at depots throughout the Republic." He could not say how much the cold storage was costing but, he said, "it is a lot of money."

Mr Rabie said that last week's move to increase sales of cheddar by dropping the price by 35,5 cents a kilogram had not yet shown any great improvement

"By the end of the month we should be able really to assess any change But I do not think that the surpluses will get larger."

The board hoped the situation would be back to normal "in a few months"

Mr Rabie said that because of difficulties in exporting South African cheddar, almost all of the surplus would have to be sold inside the country

# Confusion as Dairy Board slammed from both sides of the counter

By PENNY SWIFT

AFTER a week of confusion over the price of cheese, there are now signs of a new price war.

Mr Alan Gardiner, regional manager of Pick 'n Pay, said at the weekend he would be reducing the price of mature cheddar cheese to R1,42 a kilogram from tomorrow, and the price of Grade II cheddar will also be reduced from R1,14 a kilogram to 92 cents.

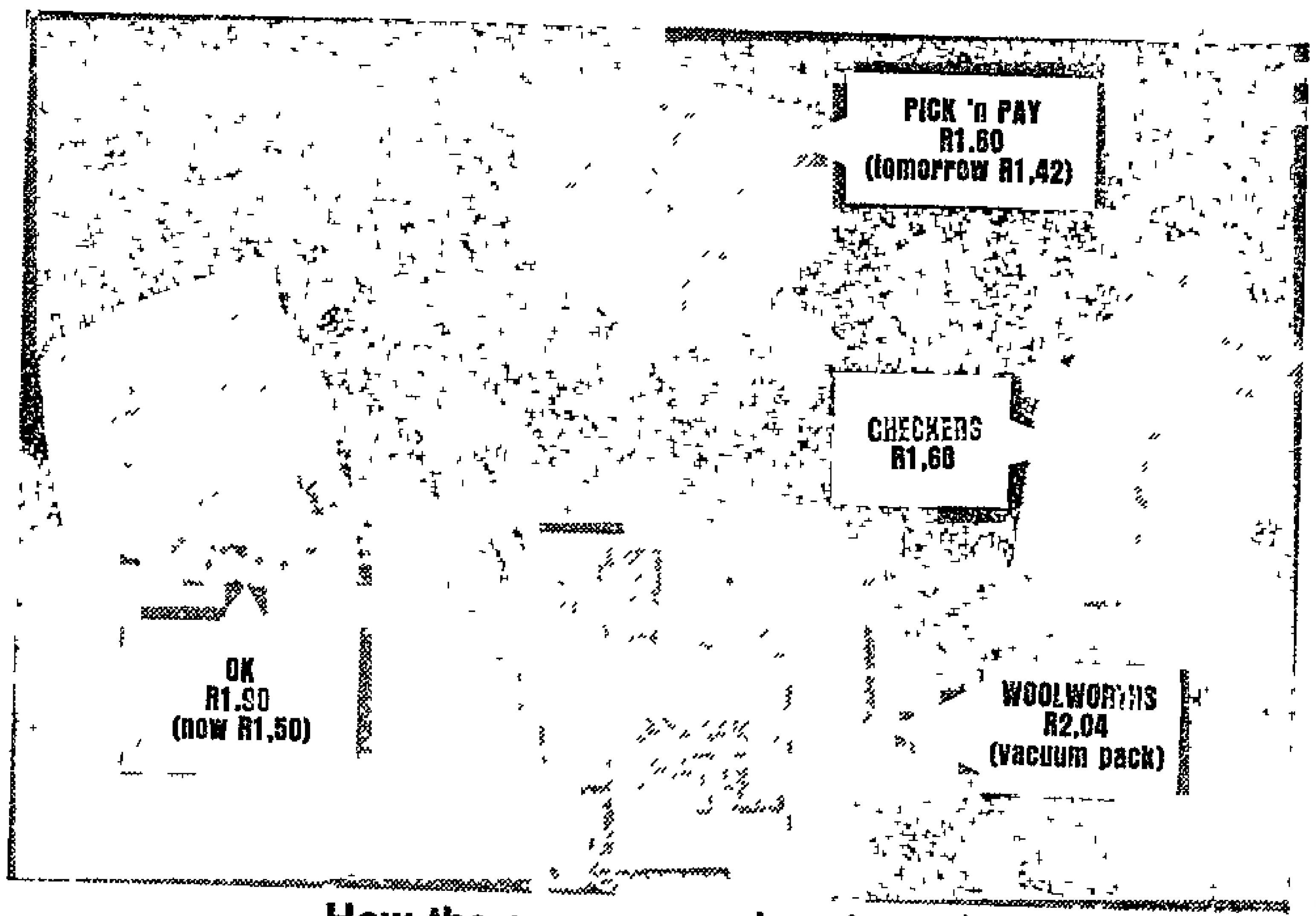
"We will make every effort to reduce the massive cheese surplus," said Mr Gardiner. "But there is a desperate need for the Dairy Board to increase its encouragement, incentives and general communication with retailers

"Right now they have their heads in the sand Their price recommendations bear no relation to true marketing, retailers are making minimal profits and there is some confusion"

Antagonism towards the board was growing in every quarter this week

"It's stupid They should have reduced the price in one fell swoop instead of decreasing it in dribs and drabs," said Natal's national vice-president of the Housewives' League, Mrs Margaret Cooke.

"If they had the insight, they would have moved more of the surplus more quickly."



How the survey samples shaped up

"It's a glorious muddle," said Natal Consumer Association watchdog Mrs Dorothy Perkins. "The Dairy Board is to blame. They have mismanaged the whole affair"

## CHEESED OFF

A Sunday Tribune survey showed few big retailers had reduced the price of mature cheddar cheese, but most had reduced Grade I Cheddar cheese to below the new price of R1,22½ a kilogram

There was confusion when it emerged the Dairy Board only controls the maximum price of graded cheddar cheese It does not control the price of mature cheddar or of vacuum packed cheese.

The confusion was compounded as the board cannot enforce the new cut price — it has not yet been gazetted.

Assistant manager of the Dairy Board Mr Edu Roux said: "We have reduced the price of all forms of cheddar cheese by 35,5 cents and has asked distributors and retailers to pass the reduction on. If consumers are aware that the price has been cut they can demand the new price and competition will force non-conforming retailers to drop their prices."

The survey showed most stores are being forced to reduce prices But there were some late starters

Pick 'n Pay and Checkers were both selling Grade I cheese at a new low price of R1,18 The same kind of cheese at the OK Bazaars in Berea Road was marked R1,35 but sold at R1,18 A spokesman for OK Bazaars said there had been "a mistake" It should have been sold at the advertised price of R1,10 a kilogram.

Greenacres' Grade I cheddar was sold for R1,48 — and another mistake, said the management. It should have been reduced to R1,22.

Mature cheddar was cheapest at Pick 'n Pay — R1,60 a kilogram. Checkers was charging R1,68.

Woolworths' mature cheddar cheese — vacuum packed and matured for nine months — cost R2,04 a kilogram. The OK Bazaars was charging R1,90.

Checkers' regional manager in Durban, Mr Dave Mitchell, said the price of mature cheddar had already decreased from over R2 to R1,68 in the past three months Only 10 to 12,5 percent of cheddar was matured

General manager of the Dairy Board, Mr Piet Maree, said they could not legislate a maximum price for mature cheddar (or vacuum packed cheese) But an average price could be assessed by adding a 20c "premium" to the cost of normal cheddar. With the 35,5 cent cut, retailers should be selling mature cheddar at about R1,42½ he said

### Refund

Chief merchandiser for Woolworths, Mr Don Iles, said they had decreased the price of cheese by 35 cents But Mr Joseph Novello, regional manager of OK, said their cheese should have cost R1,50 a kilogram.

"It was an inexplicable error," he said, promising to refund the difference.

Mr Maree said cheese sales increased by 48 percent between August and October last year

"But since the threatened rise in price and subsequent undertaking by various consumer and trade organisations to try and move the surplus, we have sold less and less It's very disappointing"

Despite the 3 000 tonne Cheddar cheese surplus and 1 500 tonne butter surplus, the Government would not provide further subsidies at this stage, he said

The cut prices were a final attempt to reduce the surpluses

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# Profits attack

Mercury Correspondent

PRETORIA — The new consumerism body, Consumer Interests of South Africa, yesterday charged the country's fish-canning industry with making excessive, exorbitant and totally unjustified profits

The director of Consumer Interests, Col. E. G. Kritzinger, said there was a strong case for demands to the State to reduce to "acceptable" levels the price of fish products, and that these levels should be based on more acceptable rates of return.

A close study of the industry revealed it had a record of increasing revenues, exceptional profits and—as far as could be ascertained—one of the highest rates of return on equity-share capital and shareholders' funds in the world

"The high profitability, which increases year after year, is achieved in a period which shows a remarkable decline in the production of fish products, which in itself is an economic contradiction and could only be achieved under monopolistic or price agreement conditions.

"The Government granted the canning industry an increase in the prices of certain fish products, presumably on the strength of the industry's declining fortunes.

"By means of financial and other data, Consumer Interests can prove the increases to be unwarranted, premature and presently unacceptable."

(180)

# Cash caning for canning industry

RDM 17/1/77

By KEITH ABENDROTH

SOUTH AFRICA'S fish canning industry is making exorbitant and totally unjustified profits, the Consumer Interests organisation charged yesterday

The director of the new organisation, Colonel E G Kritzinger said there was a strong case for the State to reduce to "acceptable levels" the price of fish products

He said the industry had a record of increasing revenues, exceptional profits and one of the highest rates of return on share capital in the world

Col Kritzinger said "The high profitability is being achieved in a period which shows a decline in the production of fish products This is an economic contradiction which could only be achieved under monopolistic or price agreement conditions

The Government granted the canning industry an increase in the prices of certain fish products — for instance, a jump of 15c to 28c for a 500 g tin of pilchards in one year — presumably on the strength of the industry's declining fortunes"

Consumer Interests could prove that the increase in the prices of fish products was unwarranted and premature There had been no re-assessments to adjust prices on the basis of just and acceptable income

The return on equity in the industry had increased from 30,9 per cent on R35,8-million in sales in 1971 to 43 per cent on R52-million in 1973 and 89,7 per cent on R65,8-million in 1975

Profitability was far in excess of the price controller's formula

Col Kritzinger asked

- Why did the Government apply an unrealistic formula which allowed excessive profits on bulk foodstuffs?
- Why was employed capital used as a factor in the remuneration formula, since it could be easily increased by loans, extending debtors' credits, and by shifting loan funds from one affiliated company to another?
- Why were excessive profits, one of the main causes of price inflation, allowed at all, particularly under the existing economic circumstances

The organisation recommended that a formula be introduced to determine industrial remuneration for the purpose of price control and that the formula be based on issued share capital or undistributable shareholders' funds

It also said profitability of the State food industry be brought into line with international enterprise remuneration through price control and that the price of fish products be decreased and re-assessed.

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Star 21/2/77

# Tinned food prices to rocket

Own Correspondent

DURBAN — Canned fruit and vegetable prices will soar in April when a major supplier introduces the latest in a series of price increases

The general manager of Langeberg Co-op, Dr J Mouton, said at the weekend that prices of 31 Koo products would go up by an average of 13 percent on April 4

The biggest increases will be in the range of jams which will go up between 25 and 35 percent "Most of these products will go up eight to 10 percent but some much less—about five percent"

According to Dr Mouton, prices of Koo products for the local market are reviewed annually and increases are introduced in four stages spread over the year

The most popular lines to be affected by the April increases are baked beans in tomato sauce which will go up 18 percent, green beans 7,5 percent, guavas 16 percent, spaghetti in tomato sauce 13 percent mixed vegetables 6 2 per cent and peas 5,3 percent

Fin. Mail 13/5/77 (186)

# Old Mutual: getting Tiger by the tail

**Old Mutual,** almost unnoticed, has walked through the front door at Tiger Oats and sewn up a dominant shareholding in the company. As a direct consequence of the R31m financing package that UAL has put together to fund the acquisitions of Stein Brothers, 51% of the Pretoria based Ruto milling group and various smaller commitments, Old Mutual emerges with by far the largest single shareholding in Tiger owning close to 22% of the voting capital.

The major elements of the financing package consist of R12m (upgraded from the original R10m requested) of 12,5% redeemable prefs and R15,9m of compulsory convertible prefs. Tiger arranged for Old Mutual to buy all these compulsory convertibles from the vendors of Stein and Ruto. These carry an initial coupon of 10,5%, which escalates from 1979 onwards at 0,5% per annum, and will yield 14,5% by the time they must be converted at 860c a share in 1986.

The compulsory convertibles should in fact be viewed as a special class of ordinaries, and as such they carry voting rights. In total, 1,85m of these shares are being taken up by Old Mutual which when added to its existing holding of close to 1m Tiger ordinaries, gives it the dominant 22% voting position.

For Old Mutual, it seems to be a very comfortable way of tightening its grip on the food industry (it already has a dominant shareholding in ICS) and illustrates the value of being in a position to provide big lines of finance when urgently required.

But whether existing Tiger shareholders will view the new share issue with equanimity is another question. It is arguable that because of the convertibility factor, the shares should have been offered by way of rights to existing shareholders first. Old Mutual could then have underwritten the issue. UAL in extenuation, says that it was essential to tie up the finance firmly in advance.

In fact, the argument goes deeper. Why didn't Tiger raise the money by way of an ordinary rights issue, rather than the compulsory convertibles? These latter were issued at 860c or a small premium to Tiger's market price of 800c when the terms were negotiated. Although Old Mutual was willing to underwrite a rights issue, the possibility of such a proposal appearing a failure, as it possibly would have judging from the decline in the Tiger share price to 735c currently, was enough to dissuade Tiger from following that route.

Also, I suspect that Tiger's chairman Rudi Frankel (aged 68) was keen to tie in the Mutual as the dominant shareholder of what up until now has been effectively a non controlled company, thus ensuring the continued independence of the group.

However one looks at the compulsory covertibles, they are very expensive money but according to UAL the cheapest option available. The striking price of 860c is well below current net worth of

Tiger's Frankel ... favourable terms for the Mutual

1 108c and by 1986 when they will be converted they could cause a significant dilution to ordinary shareholders' assets and earnings.

If one assumes a 10% growth rate in earnings over the nine year period and a continued 30% dividend payout the net worth of Tiger from retained earnings alone will grow to near R40 a share and will have earnings of around 400c. The 860c convertible price at that time might look very costly to ordinary shareholders. UAL feels that if ordinary shares had been used the dilution effect would have been immediate and greater.

The initial effect of the new acquisitions, however, and the financing proposals, won't have a beneficial impact on Tiger's earnings per share. In fact it appears that the initial average cost of the funding will be about 11% after tax and based on historical figures the after tax return on the funds invested will be closer to 10%.

The Mutual's tie up with Tiger allows for interesting speculation on some closer co-operation between Tiger and ICS. Tiger already owns 14% of ICS, while the Mutual has 18% and its influenced investment company The Common Fund, another 14%. While the Mutual would not attempt to impose its will directly it would appear to me that these existing holdings provide the scope for a further shuffling of shareholdings.

*Richard Stuart*

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forty-hour week (approximately R9-00) are well below the average wage of R12-00 a week. (The average working week is 46.2 hours: Table 11). As was explained in relation to Figure 5, rates of pay at this level are in themselves a demotivating factor. As the hours worked increases, wage rates increase and workers are prepared to accept the wages, rather than to seek new employment. It thus appears that workers are more concerned with wages than with hours worked, where these hours worked are low. As the working week is increased to beyond fifty hours, the worker is more c ... eisure time, rather than greater income, and turnove ...

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The strongest indicat ... it wage rates is given in Figure 10. Here varying w ... the percentage of farmers in the specified wage cate ... of labour adequate. An argument has been put forw ... ages increase, turnover rate increases and there i ... as long to reach their critical savings point whi ... sufficient income to return to the Homelands. ... ment goes; the supply of labour falls off at higher ... aid (below motivation threshold point) are indic ... e the workers to the land for longer periods through ... argument. As was shown by Figure 5, turnover rate ... old, motivating wage is paid. Figure 9 shows effe ... rms finding their supply of labour adequate increas ... s pay higher wages. In no case did the adequate l ... er wage rates.

# Huletts' net income down for year

NATAL MERCURY 3/6/77

**Financial Editor**

HULETTS Corporation's net income for the year ended March, 1977, amounts to R15 057 000 compared with R16 863 000 in the previous year.

The company has declared a final dividend of 21c which, together with the interim of 10c, makes a total of 31c (1976: 33c).

The company says, in a report released last night, that it had been decided to adopt a conservative method of accounting in the group's 1976/77 statements by treating foreign subsidiaries as investments.

Previously, the results of these companies were consolidated in the group's accounts.

Only dividends and interest received have been included in the group's consolidated statement. Also, only the original cost of Huletts investment and loans have been included in the group's consolidated balance sheet.

The Minister of Economic Affairs has given his approval for these arrangements and that information concerning these foreign subsidiaries should not be disclosed. However, it is not difficult to guess which the subsidiaries are and where they operate.

J. Keir

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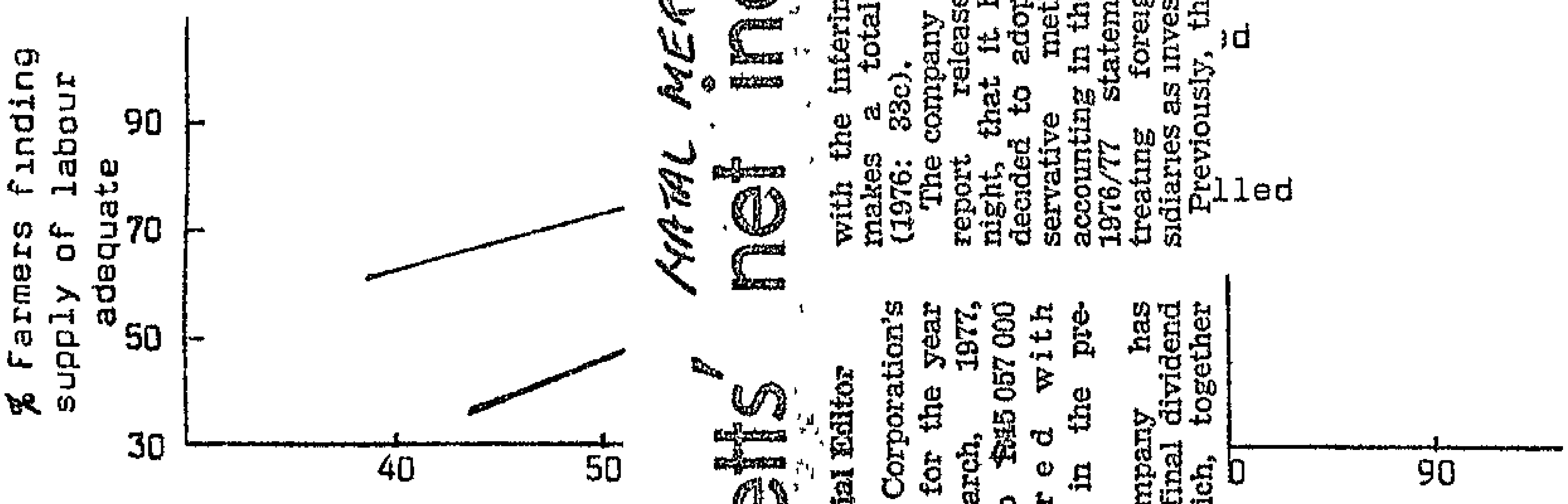



FIGURE 10 The effect ... rcentage of farmers finding l ...

## PRODUCTS FARMED AS A DETERMINANT OF LABOUR CONDITIONS

The breakdown of farms surveyed into product categories as a percentage of farms in different types of product is shown in Table 9 .

(2) 253

(1) 186

FIN MAIL 3/6/77 (186)

# Half-baked bread complaints

**Complaints** about poor quality bread have become vociferous. "We have to find out why bread differs from area to area and why some of our bread is so bad," says Housewives League of SA national president Joy Hurwitz.

A description of all the technical problems facing wheat farmers, millers and bakers would probably confuse, rather than enlighten, her members. But if some areas have suffered from bad bread in recent months, it could be, according to Wheat Board manager Dennis van Aarde, partly because heavy rains last summer had some Transvaal and Free State farmers trying to dry their own wheat, instead of letting better equipped co-operatives do it. In doing so they may have partly destroyed the wheat's gluten, without which good bread can't be made.

**Premier Milling's Bloom . . . costs rise, but the dough don't**

A more basic problem facing farmers, he says, is SA's wide variety of climatic conditions. To cope with it, some 80 different wheat cultivars are grown. The most widely used doesn't, however, produce the best bread.

The most frequent complaint is about crumbling brown bread, and that has nothing to do with any of these explanations. The reason it crumbles is because it has more nutritious bran in it than white bread, says Premier Milling's deputy chairman, Tony Bloom. With blacks buying almost as much of it as white bread (it's more heavily subsidised by government) it's clearly better that it should lose no nutritional value.

Millers would, in any case, be reluctant to take out more bran without being paid more. Bran sells for less than flour.

Meanwhile, there have been dark hints from J P A Reyneke, MP for Boksburg, that poor bread is due to a baking monopoly exercised by large milling companies. Millers do, indeed, have a large stake in bakeries — Premier Milling, for example, owns 51% of all those on the Witwatersrand, according to the Wheat Board But there are still sufficient millers in baking, Bloom insists, to ensure "fierce competition".

Van Aarde points out that it's because bread baking has become so technically complex and capital hungry that large milling groups have entered it A large oven through which loaves are automatically transported costs some R600 000, he says.

Despite automation, though, baking profits, too, are beginning to crumble In fiscal 1976, Premier Milling described them as "most satisfactory" Since then, says Bloom, rising costs have taken a lot of the dough out of bread.

9

The total number of regular farm emplo[...]
decreased since the mid 1950's as shown

Table: 2 Number of regular farm emp[...]
Eastern Cape, selected year[...]

| Year | Total | Whites | Col[...] & As[...] |
|---|---|---|---|
| 1950 + | 77 547 | 1 042 | |
| 1957 | 69 467 | 991 | |
| 1965 | 61 971 | 1 209 | |
| 1973 | 48 687 | 908 | |

Note: + 1950 total includes approx[...] servants

Source: Agricultural Censuses

## SUGAR LUMPS

**What happens** now that attempts to frame an international sugar agreement have ended fruitlessly?

"Probably a meeting of the big 10 delegations in London towards the end of J ly," says SA Sugar Association chairman Anson Lloyd "If they make sufficient progress to make it worthwhile there may be another attempt in Geneva in September.

"At Geneva the battle really was fought between an inner club of the seven major exporting countries — Australia, Brazil, Cuba, SA, the Phillipines, Dominican Republic and the Argentine — and the major importers — the US, Japan and Canada."

The key issues, Lloyd feels, are still the question of holding and financing of stocks, quotas and price range. "The importing countries remember with a shiver when the price shot up to £650/t a few years ago. They are keen on the idea of buffer stocks, but expect exporters to hold and finance them. But they seem to forget that sugar is a perishable product and not everyone has the storage capacity we have."

F/M. MAIL

## SUGAR TALKS — 1 3/6/77

# A bane or . . . 186

**After** six weeks of abortive talks, the Geneva Sugar Conference ended on May 27.

Conference president Ernest Jones-Parry was empowered to contact interested governments with a view to resuming talks, and a "mini-conference" on this is to be convened towards the end of July in London. For the time being, though, there is no new sugar agreement Depending on the result of the London talks, Jones-Parry will advise Unctad secretary Gamani Corea whether or not the conference of over 70 countries should be called again towards the end of the year

Although some optimists in Geneva take this to mean the conference has not yet failed, there seem to be almost insuperable differences of opinion between interested parties

In Geneva there were three main suggestion topics of discussion·

- A recommendation by the majority of members of the former sugar agreement dating from 1968 It was based on the existing system and foresaw basic export quantities, price scales, export-quota adjustment measures, exporters' delivery obligations, minimum and maximum stocks and the like;
- The US, the world's biggest importer, wanted to join a new agreement incorporating stock financing and compensation procedures — with minimum and special stocks of 4 Mt — and the introduction of export quotas in the case of low price levels; and
- The EEC, absolutely opposed to export quotas as a means of stabilising the market, and wanted to see stocks of up to 4,5 Mt linked to a maximum and minimum price mechanism

Jones-Parry presented a compromise suggestion combining elements of the two first recommendations, with a quota system linked to 2,5 Mt of stocks and a price range of US 11c-25c/lb This failed to find the necessary support

## SUGAR TALKS — 2

# . . . a blessing?

**A refreshing** view of sugar's future in the wake of the Geneva talks has come from Huletts group managing director, Dr C "Kees" van der Pol

"The failure to reach an international agreement," he says, "is a pity but not a disaster — in fact it may be a blessing in disguise for SA." Although the current world price is below local production costs, the acceptable minimum prices put forward by other major producers at the conference indicates "they are suffering a great deal more than we are in continuing to supply a market which is already over supplied

"This will undoubtedly discourage expansion of cane production in new areas, will encourage a reduction in beet production and hopefully will delay the introduction of new factories to convert starch into high fructose corn syrups. But, unfortunately, it also means that the SA consumer can no longer be subsidised by the export market and a price increase in the local market becomes inevitable in the near future."

Other points made by Van der Pol:

- Total proceeds allowed to the industry last year were just over R380m, of which R57,7m was gross profit, and from which 20% for increased costs, interest and tax must be deducted;
- Average net export proceeds exceeded average local market proceeds by R62/t;
- Profit on this season's exports will be insufficient to balance losses on local market sales — unless of course there is a price increase;

Huletts' Van der Pol . . . looking on the bright side

- The world "free market" in sugar is less than 15 Mt pa "An imbalance between total world supply and demand of only 1% has nearly six times the effect on the free market."
- As the fifth largest sugar exporting country, SA is extremely vulnerable to world sugar prices; and
- Total world sugar trade is worth at least R2 000m a year.

Looks like the domestic consumer should prepare for a sour future.

Fin. Mail 10/6/77 186

lipalo

TIGER OATS AND PREMIER MILLING

# Time to switch to Tiger?

**The share prices** of Tiger and Premier, twin giants and arch rivals of the food sector, move virtually in tandem but Premier has long enjoyed a higher market rating than Tiger At 650c, Premier yields 4,9%, while, at 745c, Tiger yields 6,2%. What is the reason and is it justified?

The two have much in common. Both are food based, one of the last performance sectors, and both have continued to prosper and grow despite current economic conditions. Both are institutional favourites, similar in size and their activities overlap, especially in maize milling, oil seed products, animal feeds, poultry and eggs.

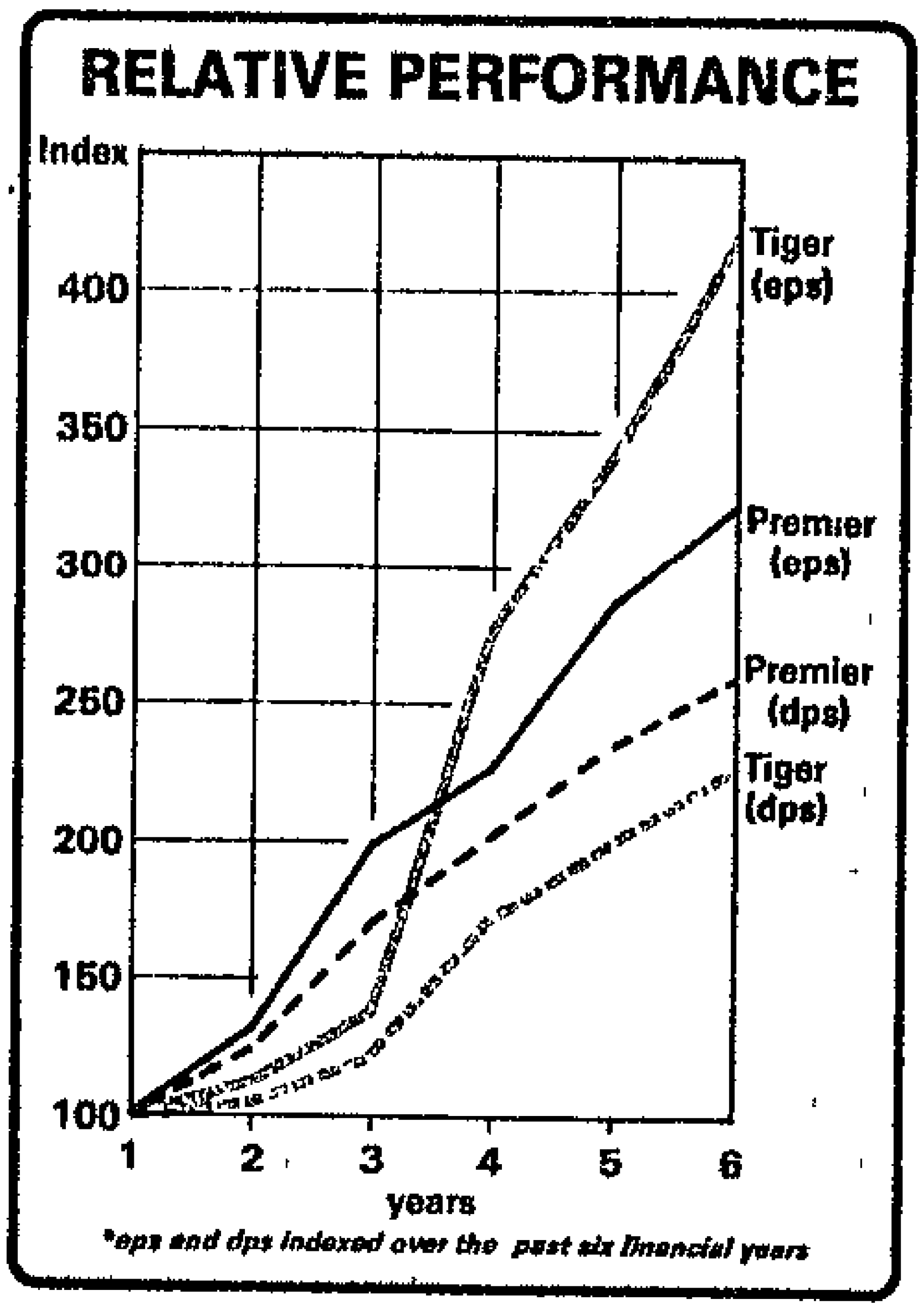
But there are significant differences between them as well. Premier is bigger in wheat milling and baking, while Tiger has the edge in maize and oats milling, oil seed products and a wide range of proprietory foods, many of which are household names. Tiger has a big stake in fishing but remains all food, while Premier has diversified into liquor, pharmaceuticals and packaging.

**Price control**

Both companies' products are largely price controlled and it's hard to prefer one's income sources to the other's. Tiger's much deeper involvement in the fishing industry has probably been the main reason why its earning's have outgrown Premier's in recent years. Fishing earnings are highly volatile however, and the cut in the pilchard quotas should result in lower profits from this source

Another possible reason for Premier's higher market rating is the feeling among some investors that Tiger might have overpaid for Stein Bros. Tiger is adamant that the price it paid — altogether R19m — was not excessive and will "definitely" not dilute earnings. It argues that the price was not much above Stein's net asset value. Tiger adds that this net asset figure is a conservative one and with Stein's assets came not only a first rate management team but a stronghold in the Transvaal egg business. Setting up a similar operation from scratch would have involved heavy start-up costs. Industry sources tend to confirm that in the long run, Tiger's purchase could prove cheaper than the sum of the various bites that Premier has taken in the egg business

Nevertheless, it *was* a forced purchase and came at an inconvenient time The financing via preference shares has turned out to be very expensive Stein was bought on a prospective earnings yield of only 8,5% and, on last year's cover, a dividend yield of about 3%. Only the simultaneous Ruto acquisition will enable Tiger to maintain earnings. Either way, Tiger emerges from its two most recent acquisitions a much fatter cat Ruto and Stein should add no less than 25% to turnover

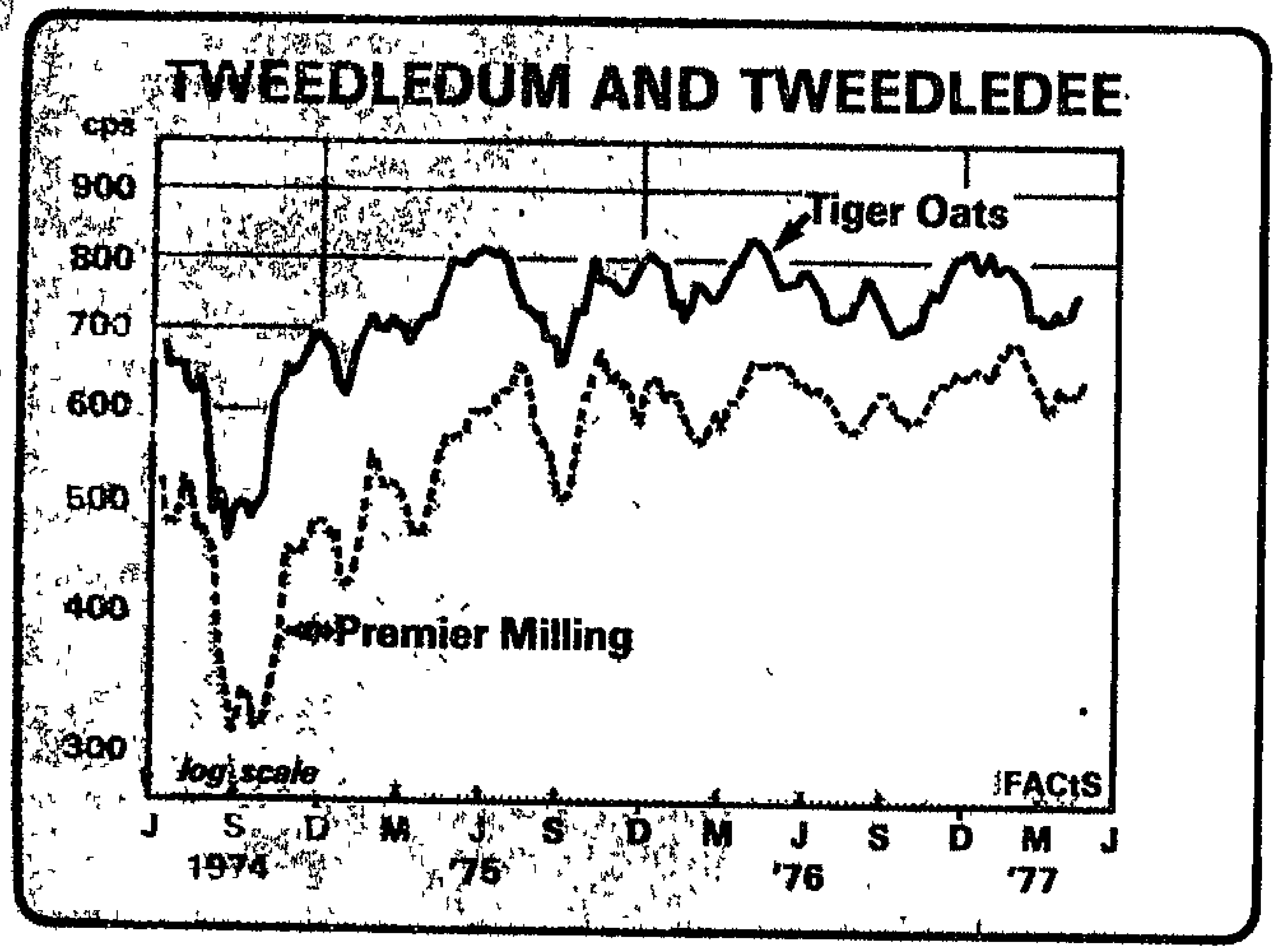



There's a close correlation between the growth patterns of the two companies. While Premier's dividend growth over the past five or six years has been better than Tiger's, Tiger has led in earnings and net asset growth (see chart) partly as a result of higher profit retention Last financial year Tiger earned R35,6m pre-tax on total turnover of R412,2m, compared to Premier's R34,1m on R596,1m, so Tiger's pre-tax margin was 8,6% and Premier's 5,7% Tiger employed total capital of R217m and earned 19,8% pre-tax on this, while Premier employed R204m and earned 20,5%. The return on ordinary shareholders' funds was 27,4% for Tiger and 31,3% for Premier

**More tightly held**

The most likely explanation of Premier's higher market rating is that Premier is more tightly held. In the first place 51% of Premier's equity is in the hands of Associated British Foods while Tiger has a wider spread of shareholders, though it is predominantly institutionally held Second, in its 60 year history Premier has never had a rights issue and some shares have never changed hands Tiger is more freely traded In addition, Tiger has a UK listing and has suffered more "funk" selling than Premier

Premier's second half figures show that even purveyors of essential foodstuffs eventually get to feel the chill wind of recession It looks as if economic conditions will cause both companies' earn-



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FIN. MAIL 24/6/77

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**SUGAR**

## Curb on growth

**There can** be no significant expansion in the sugar industry until government amends the price formula to allow improved returns So chairman Frank Jones told the SA Sugar Millers' Association agm in Durban this week. He pointed out that the industry's total milling capacity had reached 4 000 t of cane an hour enabling it to crush 21,2 Mt of cane in a 40-week season

"The stage is rapidly approaching," he said, "when the scope for further expansion of the existing sugar producing areas will have been exhausted ... and other new areas with new mills will have to be contemplated. However there is no prospect of private enterprise venturing into any such new projects under the present price formula

"As far as the existing mills continuing to provide increased capacity for vertical expansion, this is ceasing to be economically viable with diminishing returns setting in as a result of the widening gap between inflation and our allowed returns"

A little arithmetic shows how close the industry is to capacity The average ratio of cane to sugar over the past 10 seasons was 9,05 On milling capacity of 21,2 Mt of cane a total output of 2,3 Mt of sugar is possible without lengthening the season. This creates various problems. Estimates for the current season at 2 165 439 t is 124 000 t above the 1976/77 season. A similar increase next season would bring the industry up to capacity. With new mills costing around R35m expansion is not to be undertaken lightly.

Jones illustrated the chaos which had taken place in local market sales because of the way price increases were handled.

From May to December 1976 local market sales grew by 9,6%, then fell by over 8,3% between December and April 1977 notwithstanding the inclusion of record sales of 125 105 t in March. Stockpiling and subsequent unloading took place

Although the ratio of direct sales to the public, as opposed to sugar-based manufacturers, has remained fairly constant at 73 to 27 Jones pointed to the disruptive effect of sudden large price increases. "On the basis that small and regular price increases are infinitely less disruptive to sugar-based industries such as canners, confectioners and mineral water manufacturers, as well as to the public, I strongly advocate this course and commend it to the early attention of the Minister and his department Every month that this decision is delayed the greater will be the impact when the price is eventually raised", he declared

Just how responsive Pretoria will be is another matter

Supporting Jones' contention that allowed returns on capital are inadequate, Chris Saunders of Huletts, in his annual chairman's statement writes: "The present price formula, before absorbing 20% of additional costs, provides for a 14% return (before interest and tax) on average capital employed by all milling companies based on the historical book value of plant and machinery This industrial average historical capital value is presently only R6/t of annual crushing capacity, as compared with the present cost of capacity of R20 to R25 per ton It is obvious that to invest further capital in these circumstances would be uneconomic taking into account the cost of capital".

Saunders points out that the 14% return was established in 1969 when government bonds yielded 6% and concludes "The sugar industry cannot hope to operate on a financially sound basis or plan for the future unless there is a drastic upward revision of the rate of return to the efficient producer on capital employed"

FIN. MAIL 1/7/77 (186)



# Sweet judgment

**Most of the** top SA Sugar Industry brass were in the Durban Supreme Court last week to hear Mr Justice Mostert throw out the case brought by Illovo Sugar Estates and Umfolosi Co-operative against the SA Sugar Millers Association (Sasmal) and 15 other defendants.

Proceedings lasted less than two minutes. The upshot put the years' long battle over the distribution of cane transport costs back to square one.

Millers subsidise growers' transport costs primarily to ensure that the mills have sufficient cane supplies. They then claim these costs as costs of production from the net divisible proceeds of the season's crop.

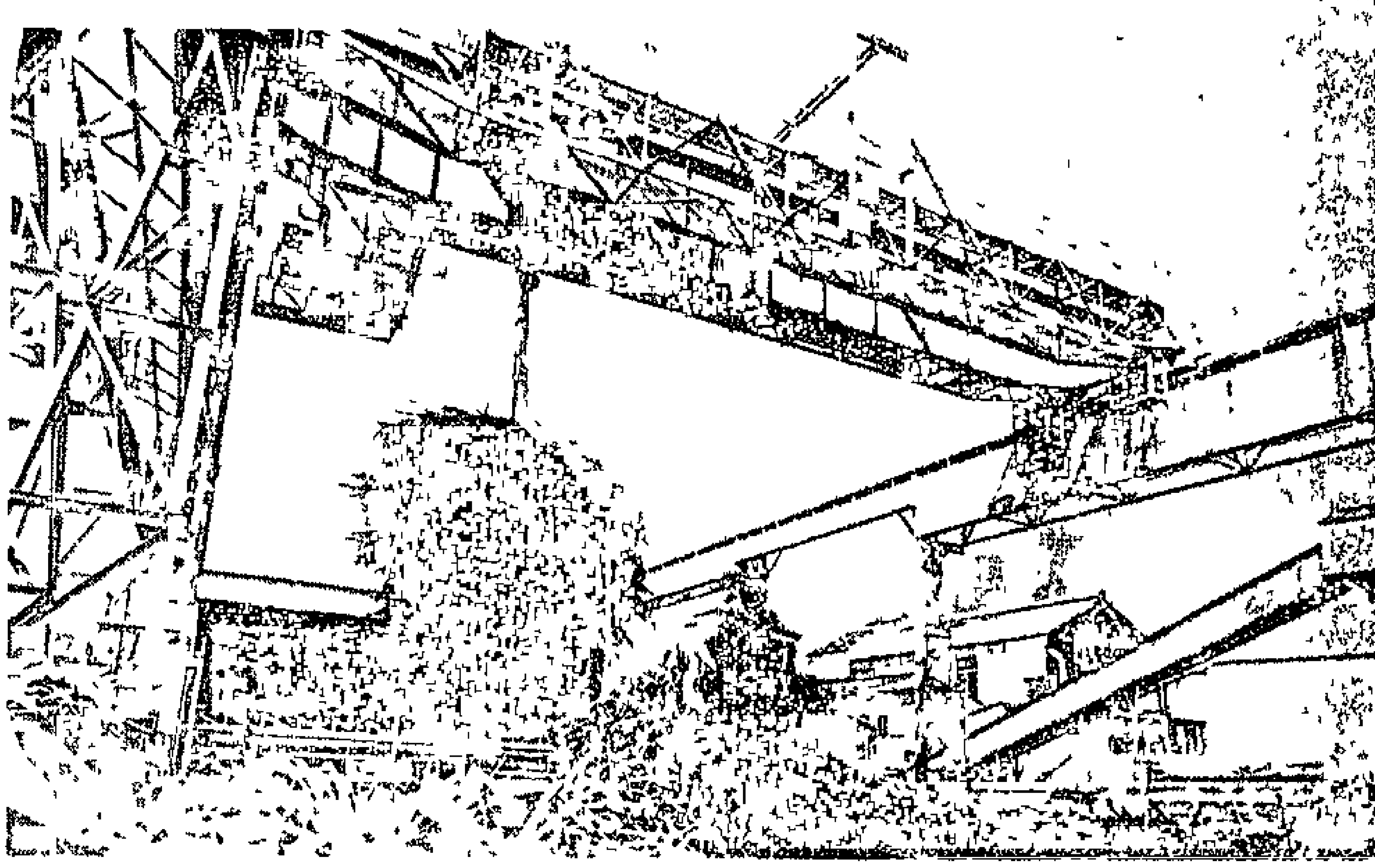
Under the averaging system, total costs are pooled and each miller receives average costs as part of the price he receives per ton. Therefore, those millers whose growers are comparatively close to their mills — Tongaat, Entumeni, Glendale, Union Co-op and Melville, for instance — recover more than they actually pay out. Conversely, Illovo and Umfolosi whose costs are above average, lose out. Huletts and C G Smith sugar are in a swings-and-roundabouts situation, neither gaining nor losing on balance.

N.3.

A new system of direct recovery by which each miller would recover his actual costs of cane transport subsidises was adopted by majority resolution at a meeting of SA Sugar Millers Association on April 4 1974. It operated from the 1973/74 season until part way through 1975/76 when some millers refused to continue, which meant the whole scheme broke down and it was back to averaging. The dissenting millers were those who made most out of averaging.

Illovo and Umfolosi went to court for an order declaring the direct recovery scheme binding on all millers.

Judge Mostert said the first question to be answered was "Are the objects of Sasmal sufficiently wide to include the power to interfere with the entitlement of members to their respective shares of divisible proceeds. I do not think so." He declared the resolution for direct recovery *ultra vires*. Judge Mostert also ruled that the plaintiffs had failed to prove "conduct of the parties amounted to a tacit contract of any sort".



Cane . . . win some, lose some

Comments Chris Saunders, Chairman of Tongaat, which will be a major benefactor of the judgement: "I feel the judgement is of benefit to the whole sugar industry. We have built the industry on the principle of averaging and if anomalies occur from time to time it's up to us to get together and work out a consensus to put things right."

It will take time to work out the arithmetic of gains and losses arising from the court's decision but Saunders owns: "It's a very pleasant windfall for Tongaat".

Both Huletts and Smiths admit to providing in their accounts for payouts had judgement gone the other way.

**SOUTHERN AFRICA LABOUR AND DEVELOPMENT RESEARCH UNIT**

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FM 1/7/77

## TATE AND LYLE TO STAY

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**The** *FM* spoke to John Tate, chairman of Illovo, while he was in SA last week The UK's Tate and Lyle has the majority shareholding in Illovo

***FM*: Have you faced increased pressure over your investments in SA since last year's riots?**

Tate A fairly regular visitor like myself does see changes taking place The (overseas) Press doesn't always give a true picture although they may describe events themselves accurately enough SA's public relations is abysmal, not nearly enough is said about changes which have been made

**What would you say if Illovo came to you for money for the refinery which has been mentioned?**

I think we'd say no The situation is obviously fluid and the period of return on an investment would be important The idea was that the refinery would be financed from Illovo's own sources and the project has been shelved for the moment Production is adequate and it is a bad time to put in surplus capacity But the main thing is that under present returns allowed by the government it is not on to make any new investment.

**Have you thought of disinvesting?**

We want to stay Illovo and African Products are good companies

**Would you agree that world economic conditions are improving and this is likely to lead to higher consumption which will help get rid of surpluses?**

Only in the very long run In the developed countries people don't go out and buy more sugar when there's more money about On the other hand developing countries are definitely price-sensitive

**Is the world surplus likely to disappear?**

If I could tell you that I wouldn't be working for a living There are too many intangibles

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FRANCIS WILSON

# Premier pulls off big Metcash coup

Sunday Times (Business Times) 10/7/77

Business Times Reporter

**PREMIER MILLING, the R600-million a year food giant, has scored a spectacular financial coup in a deal involving millionaire Natie Kirsh, the flourishing Metro Cash and Carry chain and Barclays Bank.**

Metro, whose turnover in food sales is expected to top R200-million this year, has been the subject of legal disputes between Mr Kirsh and the Tiger Oats group which is Premier's arch-competitor in the food industry

Mr Kirsh and Tiger each held 30 per cent of the shares in Metro, which last year was the Sunday Times' Top Company of 1976. Mr Kirsh raised his stake to well above 50 per cent and Tiger's Rudi Frankel took the matter to court in an effort to prevent certain shareholders from passing control of their shares to Mr Kirsh Mr Justice King dismissed Tiger's application and the matter is now under appeal

In the meantime Mr Kirsh, who holds his interests in Metro through a pyramid company, Kimet Ltd, negotiated with Joe Bloom, chairman of Premier, his son Tony, deputy chairman of the group and financial director Peter Wrighton, for assistance to finance his Metro share purchases

Kimet, which is a public, but unlisted company, has assets of about R16-million made up of its holding in Metro, a 50 per cent stake in King Foods which manufactures the successful King Korn line (the other 50 per cent is held by Tiger), a 50 per cent stake in a small supermarket chain and various properties in most of which Metro trades.

This week a deal was clinched in terms of which Premier and Barclays Bank have taken an interest in Kimet through the purchase of participating preference shares Premier has invested about R4-million and Barclays R5-million, but the Barclays holding will be taken up over several years by Premier Joe Bloom is a director of Barclays

More importantly, the deal gives Premier a preemptive right to buy his stake in Metro should Mr Kirsh ever want to sell it. This would seem to effectively block Tiger from ever gaining control of Metro although it holds 30 per cent of the equity and sits on the board of company.

Tony Bloom and Peter Wrighton of Premier will now join the board of Metro and it can be expected that links between Metro and Premier will in the future be strengthened

Premier's interest in Metro was first reported by Jeremy Woods in Business Times on May 1 this year

The shares of Metcash have almost doubled to 520c this year and at one stage were suspended from trading as rumours of takeover bids swept the market.

Joe Bloom said this week that the deal was "most gratifying" for Premier and that he expected substantial benefits to shareholders to flow from it

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# Asokor wil wins kwaai opstoot

Sake-Rapport 10/7/77

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Deur DAVID MEADES

**OFSKOON** Asokor, die vleisarm van die Picardi-groep, nie die afgelope jaar daarin kon slaag om sy winsgroei van die vorige jaar te handhaaf nie, verwag die voorsitter, mnr. Jan Pickard, 'n „aansienlike" styging in wins in die lopende jaar.

Asokor het in die jaar tot 30 Junie 1977 sy wins ná belasting met 6,5 persent tot R1 720 000 verhoog of van 28c tot 30c per aandeel. Sy filiaal, Karoo-Vleisbeurs, het heelwat beter gevaar en kon sy wins ná belasting in dieselfde tydperk met 13,6 persent tot R1 380 000 of van 9,5c tot 11,2c per aandeel verhoog.

Asokor het sy dividend weer eens onveranderd op 9,5c gehou, terwyl Karoo syne van 5c tot 6c verhoog het. Albei verklaar nou net een dividend per jaar.

## Prysbeleid

Asokor se dividend word nou 3,2 keer gedek, teenoor die 2,5 keer in 1975 toe die dividend ook 9,5c was. Karoo se dividend word 1,9 keer gedek.

Voor belasting verdien Asokor sowel as Karoo net sowat 1,6 op die omset. Mnr. Pickard sê dat dit toon die groep 'n baie realistiese prysbeleid teenoor die verbruiker sowel as die boer volg.

Asokor se omset het die afgelope jaar met 9 persent van R222 miljoen tot R242 miljoen gestyg, terwyl dié van Karoo ook met 9 persent van R200 miljoen tot R218 miljoen gestyg het.

Asokor het 'n belang van sowat 73 persent in Karoo, wat op sy beurt hoofsaaklik in die verspreiding van vleis betrokke is. Asokor self staan weer sterk in vleisverwerking.

Mnr. Pickard brei nie uit oor die verwagte sterk styging in wins nie. Maar die groep het die pryse van sy verwerkte produkte verhoog nadat dit baie lank onveranderd gehou is.

Daar kan aangeneem word dat dit 'n belangrike uitwerking op sy wins sal hê, omdat die winsgrens op die blote hantering van vleis as 'n groothandelaar baie klein is.

Voorts is daar ook 'n volgehoue afname in die aantal slagtings, wat die geleentheid om kommissie te verdien ook kleiner maak.

Met die nuwe vloerpryse vir beesvleis wat einde Junie van krag geword het, was daar sterk afwaartse aanpassings in die laer grade vleis, wat hoofsaaklik deur die vleisverwerkingsbedryf gebruik word. As die markpryse hierby aanpas, kan dit 'n verdere gunstige uitwerking op Asokor se wins hê.

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KING, B. Research Administration

KIPPS, A. Bacteriology

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Star 11-7-77

## Why Illovo has shelved R12m sugar refinery

DURBAN — Illovo Sugar Estates will not reconsider the possible establishment of a sugar refinery at Noodsberg until Government allows the industry an adequate return on capital, the financial director Mr J T Dunlop told Reuters.

He was asked to comment on company's decision to shelve the project, which was to have been built by Tate and Lyle of the UK, Illovo's parent company.

He said the planned capacity of the mill was 150,000 tons of refined sugar a year, and total cost of the venture was estimated at about R12m including warehousing facilities.

**REPORT**

Mr Dunlop added that the company decided against proceeding with the refinery on receiving results of an investigative report by Tate and Lyle Technical Services in March.

The possibility of going ahead with construction of the refinery at some future date cannot be excluded, but present indications are the project would not be viable "for some time" — Reuter.

Patrick Fitz ... y of Africanisation and he noted that S ... ended to neglect this field. There are no ... departments of African literature, ... ke Wits has no programme of community m... or research in South African universitie... the problems of Africa.

Karen Brombe... collection for the UPRU programme. ... odel of the Western Cape involving suc... amenities, transport, quality of life, and r... ollection. She has been collecting ... the various elements which make up housing ... housing stock - flats, shacks, houses avai... r in regard to White and Coloured people. M... dying the water resources available now and in ... Town area in relation to this overall mod...

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Robin Palme... esently working on a degree for the Univers... talian migrants in London. Villages ar... to the cities and Mr. Palmer wanted to ... lians are integrated into London's industrial ... of their migration on the villages that they ... he came to a broad conclusion that they had no... l into the industrial environment. They had tended to carve out ... e for themselves in London, and operated very largely as 'subsistence capitalists' running the corner grocer and the family snack bar. He also noticed that they maintain very close ties with their country of origin; one manifestation of this was a tendency to send money back and invest it in shrines and churches in the villages they they had abandoned. From this study he has developed a model which can be applied to the study of similar migrant groups in this country, for example to villages like Genadendal which have seen the migration of their original coloured inhabitants.

Mr. Palmer's work touched on some aspects of Professor Davies' work. Professor Davies has concerned himself with a number of topics relating to South African Indians, who are of course migrant in origin, and who have also carved out an ethnic niche which is perhaps stronger than the one that has been forced on them by the system of legislation. They also show

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N. Mercury 20/7/77

# C. G. Smith Sugar ups dividend

# Group rides out recession storm

**Financial Editor**

**C. G. SMITH and Co. Ltd., the Durban group with interests in sugar, textiles, chemicals and paper, has weathered the recessionary storms well, according to the company's annual report released yesterday.**

Mr J C McGough, chairman, writes that the problems of the sugar industry are well known but, in spite of drop in profits from sugar growing and milling, the financial strength of C.G. Smith Sugar Ltd., following the merger of the group's sugar interests, was such that the company was able to increase its dividend.

Turning to textiles, Mr. McGough says that the rationalisation at Romatex Ltd, had enabled this company to maintain its earnings, improve its liquidity and increase its dividend marginally

With chemicals Mr McGough says that the furfurol project at Sezela was expected to become a contributor to group profits this year

Meanwhile, the Natal Cane By-Products group had operated satisfactorily and its profits were in line with those of the previous year. The liquidity of this company had enabled it to increase its dividend.

On the other hand, the anticipated upturn in the paper market had not materialised and the international paper market had continued to be depressed

## Stanger mill

"The mill at Stanger is now running satisfactorily and its products are of a high quality.

"It is unfortunate that our entry into the market place coincided with a depressed international market This has resulted in low-priced imports finding their way into the country

"However, any improvement in the economy will have a beneficial effect on the results of this operation."

Mr. McGough said that the capital costs of the Stanger project had substantially exceeded the original estimates

"We continue to have every confidence in the paper project in the long term but considerable losses will have to be brought to account in the current year.

"The financial requirements of the project also seem to inhibit our dividend capability in the short term."

**MR. J. P. MYBURGH, of the Bank of Johannesburg, who has been promoted to senior regional manager for the branches of Benoni, Pretoria, Durban and Witbank.**

## Appointment

MR. E D. SPEYERS has been appointed development actuary at the head office of the Southern Life Association.

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21/7/77

# Modernising paid off

**Financial Editor**

**HIGHER crushing rates and improved efficiencies at the mills of the C. G. Smith Sugar Group have offset, to a large extent, the adverse financial impact of the expected reduction in the group's cane crop.**

Mr Frank Jones, chairman, told shareholders at the company's annual meeting in Durban yesterday that these increased efficiencies were a direct result of the major expansion and modernisation carried out at the mills

These had fully justified the capital that had been invested

Summing up Smith Sugar's financial prospects for the current year, Mr Jones said that while profits were unlikely to reach last year's level, the company's liquidity was such that he expected the present rate of dividend to be maintained

## Two-edged sword

Referring to the international sugar talks which have just begun in London, Mr Jones said that sugar exporting countries were faced with a two edged sword

A moderate price increase on the world market, accompanied by a restriction in production, would be of no benefit at all.

"This arises from the high fixed costs involved in sugar production which requires throughput to be maximised in order to earn satisfactory returns on the capital employed

"It is to be hoped that the longer-term view will be taken so that a fair pricing structure will emerge which will restore stability in the world market"

# A winner is hatched and Cerebos crows

24/7/77 Sunday Times (Business Times)

(186)

By TONY KOENDERMAN

THE INCIDENCE of coronary heart disease is higher among white South Africans than among any other nation on earth, which should make this a cracking market for Cerebos Africa's new cholesterol-free egg mix.

The product, launched this week amid excited clucking from dieticians, was developed in South Africa by the company's British-born technologist, Arthur Stevenson

He has removed the yolk of the egg and replaced it with a mixture essentially of skimmed milk, cornflower and thickener, to produce an egg powder which can be substituted for the real thing in any application except, of course, frying.

The idea is not new (similar products exist in Britain and America), but claims Cerebos, the difference is that the flavour of the mix is faithful to that of the natural product

In an omelette or cake, it is virtually indistinguishable from natural egg

Compared with a fresh egg, an equivalent amount of egg mix contains a fifth of the kilojoules (calories), less than half the protein, and 0,5 per cent of the fat.

And, most important of all, it contains no cholesterol, as against 300 mg in a fresh egg.

This should be good news for an estimated 100 000 South Africans who are on egg-restricted diets for medical reasons.

Marketing manager Doug McKinnon-Smith believes he will find a market for the equivalent of 25-million eggs in the first year — 0,7 per cent of the total egg market

Packets of powder to make up 25 eggs will be on sale at a recommended R1,25, which is the same as the 5 c paid for a medium fresh egg.

Because the product utilises fresh eggs — and there is a demand in the confectionary trade for the left-over yolks — it hasn't run into any opposition from the egg industry.

A new book asks why people should starve amid plenty

DD 26/7/77 (186)

# Why famine is big business

"We are perfectly able, technically, to feed all the people well for at least the foreseeable future, we even have the necessary goodwill; and yet we pursue policies and encourage techniques that will make our real but man-made crisis worse" Thus, in a trenchant new study of world food problems, Colin Tudge — a British dietetics expert — asks why 460 million of the world's peoples are ill-fed.

Tudge examines the paradox that total food supply is adequate while hunger and malnutrition are rife and widespread He believes, without committing himself to a revolutionary prescription for the world's problems, that capitalist mechanisms will always leave the weakest struggling

He suggests that instead of worrying about food production against the swelling world population, we should concentrate on "rational agriculture". Agriculture undominated by the need to make a profit would be less organised around sophisticated technology and make greater use of labour-intensive husbandry.

"We must recognise that farm-land is not simply a food factory," he says, pointing out that intensive farming methods run down land in pursuit of short-term cash profit Above all, farming must be geared to what people actually need to eat, not what they have been accustomed or persuaded to consume. Adjusting land use to need would, for example, mean much less land for non-nutritious cash crops, like cocoa, tea and coffee.

He takes an extended swipe at the contemporary preoccupation with protein from meat and suggests that plenty of other protein sources could be exploited to reduce the need to feed vast amounts of grain to fattening cattle. The rich countries, including the Soviet Union, give more grain to livestock than the whole Third World consumes — people, animals and all.

Carbohydrates, particularly potatoes, could be more extensively used to nourish if prejudices against them, as "fatty" and "stodgy"

Tudge thinks that the nutritionists' exaggeration of protein requirements has done more damage to the modern world than any other misapplication of science, including the atom bomb.

He writes: "Tragic are the attempts by Third World mothers who waste half their incomes trying to nourish their infants on such foods, while their breasts dry up and the produce of the surrounding fields — which could help their mothers in lactation — is channelled into European piggeries."

The basis, he says, of a nation's food production should be cereals — if that is right, much of the rest will follow. He concludes his section on "Rational Agriculture" "A staple of potatoes and cereals, complemented by beans Modest but significant amounts of lean meat. Plenty of fresh vegetables; and as much alcohol as we can reasonably produce after we have produced the basics."

Under a system geared to profits enjoyed in the industrialised Western world, he argues, the fundamental rearrangement necessary cannot take place The pressures are huge and insidious from the huge advertising budgets of the food industry giants to the dependence of poor countries on the economic activity brought by multinational food firms.

The world's consumption, he says, is characterised by a "staggering inequity" An American eats on average 820 kg of grain a year, of which only 90 kg is eaten as grain and the rest goes into livestock. The average Third Worlder gets about 225 kg, mostly eaten in pristine form

"This inequity is a legacy of past competitiveness, and so long as we tolerate it, or indeed use others' poverty as a means of exerting power over them, then some people will always go to the wall no matter how many new resources are mobilised The devil will always take the hindmost" — OFNS

— *George Brock*

N. Mercury 27/7/77

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# BEANS KILL TWO

PAARL — Two members of a Simondium family of five have died and two others are in a serious condition from suspected food poisoning in the Paarl East Hospital.

A police spokesman said they were taken ill after eating beans which had apparently been soaked in an organic phosphorous poison, a deadly insecticide.

The dead have been identified as Mr. Johannes Williams, a farm labourer in the Simondium district, and his 15-year-old son. Two other children in the family, aged 10 and eight, were taken to hospital in a serious condition.

Police are investigating.—(Sapa.)

STAR 10/8/77

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# Beware of boerewors

JOHANNESBURG — Beware of your boerewors is the message from the CSIR after a survey revealed that 97 per cent of boerewors sold in the Pretoria area does not conform to the required nutritional standards.

Scientists from the CSIR recently bought samples of South Africa's traditional braai meat from 60 butcher shops in Pretoria and studied the meat under microscopes.

It was discovered that 97 per cent of the boerewors contained animal tissue that was not permitted under regulations laid down by the Foodstuffs, Insecticide and Disinfectant Act.

A spokesman for the CSIR said yesterday the investigation was carried out by Dr W. de Klerk of the South African Veterinary Society and a team of workers.

Regulations say that boerewors should not contain less than 60 per cent soft meat and less than a total of 90 per cent fat and soft meat.

Among the illegal ingredients found in the boerewors were salivary glands, heart muscle, sweat glands, tonsil, cartilage and fragments of bone. In the case of spleen, 39 of the 60 samples tested contained it in varying quantities.

The spokesman said most of the butcheries in the Pretoria area had been tested in the experiment and only three per cent of the boerewors tested complied with the regulations.

According to reports, the danger of food poison does not apply to boerewors because this type of food is usually well-cooked before it is eaten. — DDC.

(186)

N. Mercury 10/8/77

# Top sugar man tells of hunger

Agricultural Correspondent

**MR. ANSON LLOYD, chairman of the South African Sugar Association, has warned that some 42 million Africans could die of hunger if steps were not taken to improve food production.**

Giving the opening address in Durban yesterday to the South African Association for Food Science and Technology, Mr Lloyd said that with populations increasing at a run-away pace, "food production in Africa is declining at a rate of about 2 percent per annum."

"We must turn our thoughts also towards our immediate neighbours and those African States of Lesotho, Swaziland and Botswana, as well as those others across our northern borders."

Mr Lloyd said it did not matter whether those countries were hostile or not, because within the area of southern Africa alone, "will live or die before the end of the century, 100 million people who will challenge the genius, energy and power of South Africa as the leader of this continent."

Mr Lloyd said South Africans could only hope that in the pursuit of ideological and lofty aims and aspirations in southern Africa "our friends in the West will one day begin to understand the importance of preserving and helping the one prosperous and stable nation on this continent capable of uplifting the poverty-stricken masses of a largely undeveloped and deteriorating continent."

Mr Lloyd said it was tragic that as the world swept towards "the abyss of hunger and starvation" world leaders and the power-hungry nations of the earth, both large and small, were more concerned with politics than the basic needs of life.

"Nations are compelled to dissipate their scanty resources of finance, manpower and political ingenuity in fighting against each other instead of working with each other against the common enemy of want, hunger, disease, poverty and illiteracy," he said.

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# Board blocks Tiger's bid

Business Times Reporter

AN R8,8-million agreed bid between the giant Tiger Oats milling group for 51 per cent of the family-controlled Ruto milling and banking group has been held up for five months because a four-man disinterested quorum cannot be found among the twenty members of the Government-controlled Wheat Board to sanction the deal.

When the deal was first signed in March this year, both parties knew that it had to be approved both by the Wheat Board and the Maize Board. However, this approval was thought to be a routine matter, according to industry sources not involved with the deal

With this presumably in mind, Tiger Oats arranged a R5,9-million convertible preference share which is to be placed with the Old Mutual.

But while the Maize Board duly gave its nod of approval to the deal, the eight-man executive committee of the Wheat Board unexpectedly recommended that it be blocked

The matter had then to be referred to the full Wheat Board, which could not find a quorum of disinterested members to deal with the matter.

So, the Wheat Board had no alternative but to pass the whole issue over to the Agricultural Reference Board a Government controlled body which decides on such matters A decision is expected from it by the end of the month.

The mystery is, however, why the Wheat Board executive committee turned down the deal in the first place.

While there would be fewer millers competing if the deal were to go through, there would not necessarily be a significant reduction in competition. However, the matter is now academic having been referred to a higher authority

But it is a pity that the organisation of the industry is such that outside interference is possible in what, ostensibly at any rate, appears to be a transaction in the normal course of business and one that is not against the public interest.

Sunday Times (Business Times) 14/8/77

(186)

# Butchers fined for sausages

Mercury Reporter 15/8/77

**TWO Durban butchers have been fined a total of R210 for selling sausage products which were not in accordance with the Foodstuffs, Cosmetics and Disinfectants Act No. 54 of 1972.**

Pyramid Halal Meat Products (Pty.) Ltd., of Milner Street, Jacobs, have paid admission of guilt fines totalling R150 for three contraventions of the Act.

After analysis, 500g of viennas and 700g of garlic polony were found to have less than the required 75 percent of total meat and 500g of boerewors was found to have less than the required 90 percent of total meat.

Scandia Butchery of Quality Street, Jacobs, licensed to Scandia Delicatessen (Pty.) Ltd., paid R60 admission of guilt.

When analysed 250g of beef sausages were found to contain less than the required 1,75 percent of protein nitrogen.

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# R145-m sugar giant on way

The Argus Correspondent

**DURBAN. — A R145-million sugar giant is expected to be formed by the takeover of Illovo Sugar Estates by C. G. Smith Sugar. Total output of 765 000 tons will be more than 38 percent of the country's total production.**

FINANCE

Dealings in the shares of both companies have been suspended, at their own request by the Johannesburg Stock Exchange and sugar men in Durban are fairly confident the takeover talks will end in success.

It is customary for major companies to reach a preliminary takeover agreement before any bid announcement is made and share dealing suspended.

Though further rationalisation of the sugar industry can only be to the benefit of the country and the consumers, there is a sad side to the story in the fact of British disinvestment in South Africa.

**PRESSURE**

Illovo Sugar Estates is controlled by Tate and Lyle of Britain and when the deal goes through, as the sugar industry believes it will, its name must vanish from the local market scene.

It has been known for some time, however, that Tate and Lyle has been under increasing pressure from the British Labour Government to withdraw from South Africa for political reasons.

The company also is expected to be compelled to make major new investment in its plants in Britain, because the British Government wants all sugar used in Britain to be derived from sugar beet raws and not from sugar cane raws.

This is one of the adverse results for Tate and Lyle from membership of the European Economic Community for the process of winning sugar from beet raws is different from that in which cane raws are the basic material.

Sugar men in Durban are unanimous in acclaiming that it will be a pity to see Tate and Lyle ousted at this time, for its capital resources and expertise put Illovo back into profits after the adversities of 10 years ago.

What price C. G. Smith Sugar is putting on Illovo, and just how the takeover will be completed, has to be determined, but at the time of suspension, shares of C. G. Smith Sugar stood at 590c and those of Illovo at 195c.

This suggests that in the case of a share offer to holders, the ratio would be at least one C. G. Smith Sugar share for every three Illovo.

**CASH AVAILABLE**

It seems more likely, however, that the deal would be for cash or a mixture of cash and shares and C G Smith Sugar has the liquidity to make an offer on a cash basis.

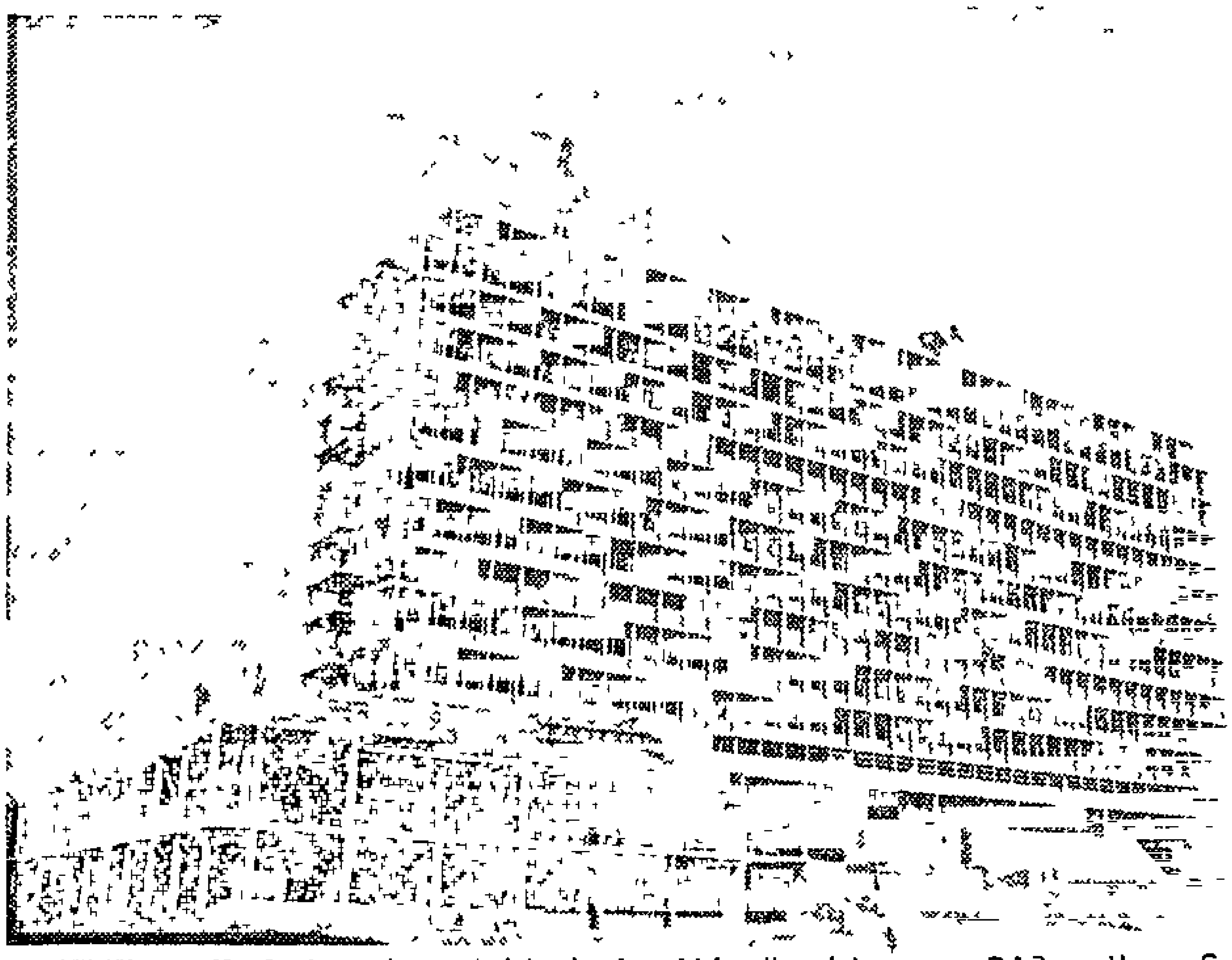
Retained earnings listed in the balance sheet of March 31 stood at R20,7-million or a little more than double the R10,6-million value which the stock market currently puts on the 5,2-million Illovo shares in issue.

**R25-MILLION ASSETS**

The price obviously will be higher, since the fixed assets of Illovo stand in the balance sheet at R25,2-million and total capital employed at R29,8-million.

The figures for C G. Smith Sugar are R31,6-million and R114,2-million, which puts an immediate value of close on R145-million on the new giant.

Best payment guess in Durban is that Tate and Lyle will be paid in cash and other shareholders will be offered a share swop at the same price.



THE roof of the clinical block for Windhoek's new R13-million S Hospital was completed recently. Completion date is April 1979.

# Decision on Illovo expected soon

Sunday Times (Business Times) 4/9/77

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By JEREMY WOODS

AFTER a week of hard bargaining, an end is in sight to the talks between C.G. Smith Sugar and the British-based Tate & Lyle sugar company, concerning the Smith offer for Illovo

Mr Frank Jones, executive chairman of Smith told me on Friday: "We are in the process of finalising the matter and hope to be in a position to make a formal Press announcement in the middle of next week."

Both Illovo and Smith shares have been suspended on the Johannesburg Stock Exchange during the talks. There has been speculation in the stock market that other potential bidders were watching the Smith talks with Tate & Lyle (which owns a controlling shareholding in Illovo) and any break-down in the talks with Smith could prompt a counter bid.

The companies most mentioned on Hollard Street as potential bidders were Anglo American, which has a large stake in Tongaat Sugar, and Sentrachem, which recently formed a joint company with Illovo to manufacture a range of products using the by-products of sugar cane

However, I'm told that Lonrho's chief executive, Mr Tiny Rowland, is also keen to enlarge his South African sugar interests and has been trying to do so for some time.

FM 15/7/77 (186)



# Surely this takes the biscuit

**Poor old** Board of Trade. It's into every-thing these days, investigating motor cars, tyres, fertilisers, chemicals and goodness knows what else. Must be the busiest office in Pretoria

Its latest briefing, however, takes the biscuit. The Board has been ordered by Economics Minister Chris Heunis (in erms of the Regulation of Monopolistic Conditions Act) to investigate whether or not the present rather loose system of price control on biscuits should continue

Is there any point? Price control in any form appears unnecessary because of severe price cutting by biscuit manu facturers in their efforts to retain market


nares In addition, price control as it xists in the biscuit industry is so easily ircumvented that it is hard to understand why it was ever introduced

It only applies to prices decided upon ollectively by a group of manufactures nd *not* when individual manufactures ecide to raise prices without consulting ther companies

So why not just scrap it without calling the poor old overworked BTI?

If the Board's investigations take too ng they become pointless — because ie undesirable practice that existed hen the investigation began has often sappeared, or is irrelevent because of ianged conditions

The Board's first investigation into the iscuit manufacturing industry was ompleted in the late Fifties It found that ie industry had got up to all kinds of ischief detrimental to the consumer. It commended the industry be prohibited from enforcing resale price maintenance and that it should stop its exclusive distribution system wherby it only dealt with approved wholesalers. The Board also said biscuit manufacturers should be prevented from forming a ring to collectively fix prices

Government accepted the Board's proposals but the biscuit industry appealed to the special court Before the case was heard the authorities and the industry came to an agreement — to the effect that all the recommendations of the Board would become law except one. The industry would still be allowed to collectively fix prices provided that they were first approved by the Price Controller before they came into force There was nothing, however, to prevent individual companies from increasing prices without the Price Controller's approval.

About two years ago the industry decided there was so great a time lag before the Price Controller granted any price increase application that it was no longer feasible to fix prices collectively. Manufacturers then put up prices individually Strangely, their price lists were more or less the same, although discounts to suppliers varied considerably as a behind-the-scenes price war hotted up

Tony Bloom, deputy chairman of food giant Premier Milling, describes the biscuit industry as a "disaster area" He says he doubts if any manufacturer is making money out of biscuits with the possible exception of market leader Bakers.

Premier's annual report says of its biscuit division· "The industry is characterised by over-capacity and sharply rising costs. Until the price of biscuits becomes more realistic and price wars can be curtailed, profits will be difficult to achieve."

Surely a BTI quiz isn't needed to conclude there's no monopoly situation.



| | |
|---|---|
| | 120 |
| | 100 |
| 3 x 20 | 60 |
| 3 x 20 | 60 |
| | 40 |
| | 40 |
| | 40 |
| ı) | 40 |
| 40 | |
| 60 | 100 |
| | 600 |
| | Max. |
| | 120 |
| | 40 |
| | 40 |
| 2 x 30 | 60 |
| 2 x 30 | 60 |
| ) 3 x 60 | 180 |
| | 100 |
| | 600 |

/...

# Carnation sê prys van suiker knou hom

(186) SAKE - RAPPORT 16/10/77

**'n GROOT Suid-Afrikaanse suikerverbruiker, die Carnation Company, waarsku dat 'n verdere verhoging van die suikerprys dié maatskappy se jaarlikse uitvoerprogram van R3,5 miljoen nadelig kan raak.**

Carnation voer 'n groot verskeidenheid van produkte uit waarvan die vernaamste bestanddeel suiker is — ingemaakte vrugte, vrugte- en stroopdranke, versoete gekondenseerde melk en versuikerde sitrusskil.

„Sedert verlede jaar moes ons 'n verhoging van 66 persent in die suikerprys die hoof bied en ons vermoed dat nog 'n verhoging vir November beplan word," sê Bill Stewart, Carnation se assistent-besturende direkteur.

„Die SA Suikervereniging het die Regering inderdaad genader om 'n massiewe verhoging van R40 tot R50 per ton."

„Ondanks ons nadelige geografiese ligging het ons uitvoer tot R3,5 miljoen toegeneem en dit sal baie jammer wees as nog 'n bykomende las — waaroor die land wel beheer het — op ons skouers geplaas sou word.

„Intussen bly ons steeds taamlik mededingend in alle afdelings, behalwe in die sitrusskilmark van R800 000. Maar nog 'n verhoging van die suikerprys sal ons sonder enige twyfel benadeel en ons sal ook 'n stewige bedrag aan valuta vir Suid-Afrika verloor."

Mnr. Stewart meen indien die suikerprys plaaslik verhoog moet word, uitvoerders soos Carnation 'n regeringsrabat behoort te ontvang ten einde die Suid-Afrikaanse uitvoermark te help beskerm.

Intussen het Carnation bekend gemaak dat hy nou die wêreld se grootste produsent en uitvoerder is van avokado-olie. Byna al die avokado-olie ter waarde van R500 000 wat jaarliks in Carnation se fabriek te Politsi, in Noord-Oos-Transvaal, geproduseer word, word aan die buiteland verkoop.

Byna elke kosmetiekvervaardiger ter wêreld maak van Suid-Afrikaanse avokado-olie in sy produkte gebruik. Dié olie is ook besonder gewild as 'n natuurlike beskermmiddel teen sonbrand.

REFERENCE

International Boundaries
Provincial Boundaries
Multiple Track Railways
Single Track Railways
Electrified Railways
Narrow Gauge Railways
Service Railways
National Roads
Main Roads
Secondary Roads
Other Roads
Tracks and Footpaths
Power Lines
Telephone and Telegraph Lines
Post and Telegraph Offices Police
Stations and Posts Stores Hotels,
Schools and Places of Worship
Lighthouses and Marine Lights
Marine Beacons
Trig Beacons (Number to right and height below)

Pyplyne
Fotomiddelpunte
Prominente Klipbanke
Terrasse
Bewerkte Lande
Boorde en Wingerde
Bome en Bos
Telefoon- en Telegraaflyne
Pos- en Telegraafkantore Polisiestasies en -poste Winkels Hotelle
Skole en Plekke van Aanbidding
Vuurtorings en Seevaartligte
Seevaartbakens
Driehoeksbakens (Nommer regs en hoogte onder)

FM 21/10/77

PICARDI CANNERS (186)

# Depending on Volkskas

**Activities:** *Fruit and vegetable canners Formed from the merger of Brink Broers and H Jones, 80% owned by Picardi Beleggings*

**Chairman:** *J A J Pickard*

**Capital structure:** *9,4m ordinaries of 50c, 40 000 5,5% permanent prefs of R2, 820 000 5,5% red cum prefs of R1 Market capitalisation R7 5m*

**Financial:** *Year to June 30 1977. Borrowings long and medium term, R33 000, net short term, R25,2m Debt,equity ratio 314%. Current ratio 0 9 Capital commitments nil*

**Share market:** *Price: 80c (1976-77: high, 100c; low, 43c, trading volume last quarter, 5 000 shares).*

| | '74 | '75 | '76 | '77 |
|---|---|---|---|---|
| Return on cap % | 8 | — | — | — |
| Turnover (Rm) | 19 0 | 25 3 | 33 6 | 34 8 |
| Pre-tax profit (Rm) | 2 5 | (4 2) | (1 9) | (0 1) |
| Gross margin % | 13,2 | - | | |
| Earnings (c) | 22 | — | — | -- |
| Dividends (c) | 9 | — | - | — |
| Net asset value (c) | 141 | 99 | 86 | 76 |

*Period of nine months ended June

**After three** years of losses, admittedly smaller each successive year, Piccan's long-term viability seems to depend upon cheaper finance becoming obtainable either from the Land Bank or the IDC.

Piccan's average borrowings during the year, funded by Volkskas, amounted to about R23m and interest paid to R2,8m At the year end total borrowings were R25,3m, all short-term and represented a debt equity ratio of 314% Had cheaper finance been available from the Land Bank a profit of R703 000 would have been realised says chairman Jan Pickard But why should Pickard be provided with special rates, especially as part of the gearing was raised to finance the acquisition of Jones?

Pickard justifies financing by the Land Bank by saying, "Should Piccan decide to terminate its operations, virtually our whole production of apricots, peaches and pears would have to be absorbed by the co-operative This, we consider is not possible, but if it were, the Land Bank would have to make the finance available to the co-operative at a low interest rate to enable them to process our tonnage"

But this blustering is just a smoke-screen For Piccan's problems are of its own making and go back to the inflated price paid for Jones and historic chronic illiquidity at Brink Broers.

Pickard's gamble in buying into canning has not paid off Rising local production costs and the protectionist tariffs of the EEC have added to his problems.

Stocks, up 30% to R22m (R17m), have now reached unwieldy proportions The present stock level represents 64% of the year's total turnover, a year in which it managed to sell 75% (65%) of the crop earmarked for exports. Pickard says there is further scope to increase efficiency and he believes that Piccan is placed for a return to profits in 1978

Piccan's future is entirely dependent on the continued support of Volkskas At 80c, the shares are at a premium to net asset value with no yield They are an extremely high-risk investment and should be avoided — and if held, they should be sold

*Gail Pemberton*

# Brake on Premier Milling profits

Star 31/10/77

(186)

Harold Fridjhon

The pressure of competition — and no doubt of overall costs too — on the profits of major enterprises is clearly reflected in the results of Premier Milling Company for the six months period ended September 30 1977.

Half year by half year both turnover and taxed profit have grown but the rate of growth of profits falls considerably behind that of sales.

Compared with September 1976, turnover is 25 percent higher, gross profit is 15,6 percent higher but earnings a share is 9,3 percent higher. Net earnings have failed to keep pace with the inflation rate.

One apparent reason had been the increase in interest bill, which went

MANUFACTURING.

FOOD.

NOV. – DEC. 77.

FEB – DEC. 78.

RDM 3/11/77

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# Asokor, Karoo confident

Financial Reporter

THE Pickard meat group, Asokor and its 73% owned Karoo Meat Exchange, expects another good year unless economic and political conditions show serious deterioration.

The chairman, Mr Jan Pickard, says in his Karoo report that group activities are well distributed to reduce risks and that the board is confident that improved results can be achieved.

Funds are adequate to finance the group's requirements. The current asset ratio is 1,09:1 which is lower than that of most companies, but not abnormal for the meat business which has to finance producers

Mr Pickard joins Mr Ivan Wentzel of ICS in complaining about the advantages co-operatives enjoy

The Asokor group is competing with others which can obtain low-interest loans from the Land Bank at 9% and which then charge a higher rate of interest to the producers

"We would like to know what the profits of those other businesses would be if the profit made from the Land Bank financing, were to be eliminated," says Mr Pickard

Asokor raised earnings by 2c to 30c in the past year and maintained the dividend at 9,5c Karoo's earnings were 11,2c (9,5c) and the dividend was lifted by 1c to 6c

(186) FM 4/11/77

PREMIER MILLING FM 4/11/77

## Grinding more slowly (18

After years of regular profit growth, Premier reveals in its interim to September 30 that it has struck some steep uphill.

Sales have grown by the 25% odd that has become customary but profit growth has slowed badly. Pre-tax profit growth rose only 3,3%, compared to 26% in last year's interim and 16.5% for the year Over the last three first halves, the pre tax margins have deteriorated from 7,1%, to 6,1% and now 5,0% — overall a drop of a third.

Investment allowances and assessed losses carried forward have reduced the tax rate from 39,2% to 35,9%, so net profits grew faster at 10,5% to R11,5m. The interim dividend was raised 0,5c from 14,5c to 15c (3,5%), compared to last year's 1,5c hike

The latest statement records that Premier has included a capital profit of R325 000, in respect of the sale of its Stein holdings, in its earnings figure. This is a half time figure so only half of Premier's R650 000 profit is included

If this is deducted, pre-tax profit growth is reduced to 1,5% and earnings growth to 6%-7%. Deputy chairman Tony Bloom, says. "Given the circumstances of the original purchase, we feel the accounting treatment is accurate". Apparently, the shares were first purchased because Premier was a Stein supplier.

It's common knowledge that the margarine and poultry interests are retarding growth and this is all the terse interim concedes. Chairman Joe Bloom will be drawn no further than to say: "The food business is not immune to economic conditions. With unemployment so high, people can't afford as much as they could. Competition in an over-supplied market is very fierce and we've maintained sales at the expense of lower margins".

The broiler industry is particularly oversupplied. According to Premier director, Peter Wrighton, today's overcapacity came about as the industry had done its planning on the assumption that demand would grow at the 20% pa achieved until quite recently. "There's an 18-month production time lag in the industry," says Wrighton, "and that's why oversupply cannot be immediately rectified." The situation should improve in the second half though, he adds, and the 1c per 250 g margarine price increase effective from October 1 will be a "great help". With Premier producing 25% of the industry's 6 000 t per month output, Premier should benefit to the tune of R720 000 pa

Bloom concurs, though he says profitability will improve slowly and that second half results will "not be materially different" from these. Last year sales and profits were virtually the same in the first and second halves, so seasonality is not a big factor.

I asked Bloom whether Premier had not paid too much for its poultry operations, more even than the supposedly excessive price paid by Tiger for Stein

"No We were in poultry long before the Stein deal. Many of our acquisitions were taken over for amounts owing and you can hardly call that expensive"

Yes. But the fact that they had to be taken over suggests they were not exactly profitable. So isn't it costing a fortune to integrate the bits and pieces and turn them around?

"Any operation these days is expensive", says Bloom, who points out that Premier is bigger in broilers than Tiger and that things have been even tougher for the broiler than the egg industry, "though recovery prospects are better for broilers".

Bloom describes conditions in Premier's other areas of activity as "easonable" He believes politics is all that prevents a general economic recovery and that when this comes, meat, butter, margarine, milk and egg consumption will rise strongly to Premier's benefit.

Asked why Premier had not equalled rival Tiger's most recent results (turnover up 33%, pre-tax profits up 30%), Bloom says "the companies are different and not comparable. The fact that we're operating off a higher base might have something to do with it," he says. He refuses to comment on the respective share prices, or on why Premier has so long enjoyed a higher rating than Tiger. "I'm not a stock tipster. I just run the company."

Tiger's earnings record over the past five years has been better than Premier's, but Premier has been more generous with dividends. Tiger has invested relatively more recently but more modern plant is not a reason for Tiger's better fortunes, says Bloom.

"They started later and have had a lot of leeway to make up. We've also invested a lot and our plant is very modern and efficient Our new bakery at Isando, for instance, will be one of the biggest in the southern hemisphere."

There is little to choose between Premier and Tiger on yield considerations (4,9% v 5,3%) but on PE grounds Tiger sells at 5 times earnings at its pre-suspension price of 860c and Premier 7,5 times, suggesting that, as we said on June 10, a switch into Tiger is still desirable

*David Ca[illegible]*

NM 10/11/77

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# Huletts Corporation Limited

(Incorporated in the Republic of South Africa)

## INTERIM STATEMENT AND DIVIDEND DECLARATION

The unaudited Group profit for the six months ended 30th September 1977 is as follows

| | | Six months ended 30th September 1977 R000's | Six months ended 30th September 1976 R000's | Year ended 31st March 1977 R000's |
|---|---|---|---|---|
| Turnover | | 147 188 | 142 557 | 287 518 |
| Operating income before taxation on historic cost basis | | 12 804 | 15 383 | 29 521 |
| Adjustments for effects of inflation | Note 1 | 2 317 | 3 780 | 6 842 |
| Operating income before taxation on replacement cost basis | | 10 487 | 11 603 | 22 679 |
| Less taxation | | 3 575 | 4 649 | 8 896 |
| Income in South Africa after taxation | | 6 912 | 6 954 | 13 783 |
| Less interest of outside shareholders | | 1 062 | 1 063 | 2 109 |
| Net income in South Africa after taxation | | 5 850 | 5 891 | 11 674 |
| Income after taxation received from foreign subsidiaries not consolidated | Note 2 | 262 | 1 692 | 3 383 |
| Net income after taxation on a replacement cost basis | | 6 112 | 7 583 | 15 057 |
| Extraordinary items | | — | + 423 | + 860 |
| Surplus after extraordinary items | | 6 112 | 8 006 | 15 917 |
| Less Preference Dividends | | 545 | 563 | 1 108 |
| Net surplus before payment of Ordinary Dividend | | R5 567 | R7 443 | R14 809 |
| Number of ordinary shares in issue | | 30 600 000 | 30 600 000 | 30 600 000 |
| Net earnings per ordinary share | | | | |
| — On historic cost basis | | 25,0 cents | 33,6 cents | 61,7 cents |
| — On replacement cost basis | Note 1 | 18,2 cents | 22,9 cents | 45,6 cents |
| Dividends per ordinary share | | 9,0 cents | 10,0 cents | 31,0 cents |

**Notes:**

1 A form of replacement cost accounting has been in use by the Group for some years to adjust for the effects of inflation on reported earnings Earnings per share are therefore shown on both an historic and also a replacement cost basis

2 Following the decision in March 1977 not to consolidate the foreign subsidiaries in the Group's financial statements, the comparative figures for the six months ended 30th September 1976 have been restated to facilitate comparison

3 The Group's net income for the half-year is based on the unaudited actual results of the non-sugar activities plus half of the estimated net income of the Sugar Division for the whole of the current year

4 The net income of the holding company itself for the six months ended 30th September 1977 was R4 792 000 (half-year ended 30th September 1976 R7 091 000)

**Review of operations**

It is anticipated that the earnings of the Sugar Division for 1977/78 will be somewhat lower than that for the previous year as the Division's raw sugar production is likely to be a lesser percentage of total industrial production when compared with the previous season It is expected that other Group operations will maintain or slightly increase earnings except the Paper Division, which will not achieve last year's level of profits

Income from our foreign subsidiaries will be reduced substantially when compared with the previous financial year

**Capital commitments**

Capital commitments as at 30th September 1977, the major portion of which related to plant and machinery for Aluminium and Sugar Divisions, amounted to R10 643 000 (30th September 1976 R8 160 000) This expenditure will be financed from loan facilities, depreciation and profit retentions

**Declaration of Interim Dividend (Dividend No. 101)**

In light of the uncertainties, particularly in regard to income from foreign subsidiaries, it was thought prudent to reduce the interim dividend marginally

The Directors have therefore declared an interim dividend of 9 cents per share on the Ordinary Share Capital of 30 600 000 shares of R1 each (1976/77 Interim Dividend was 10,0 cents per share)

The dividend is payable to ordinary shareholders registered as such in the books of the Company at the close of business on 13th January 1978 and will be paid on or about 13th February 1978

The transfer books and register of ordinary members will be closed from 14th January 1978 to 29th January 1978 both days inclusive

The dividend is declared in South African currency Shareholders whose dividends are paid from the office of the United Kingdom transfer secretaries will be paid in British currency at the rate of exchange ruling at the close of business on 13th January 1978

Non-Resident Shareholder's Tax at the rate of 11,8446% will be deducted from dividends where applicable

Signed on behalf of the Board

C J SAUNDERS, Chairman
C VAN DER POL, Managing Director

Registered Office
1001 Umhlanga Rocks Drive,
La Lucia,
DURBAN, 4051

9th November 1977

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FM 11/11/77 fox

TIGER/ADCOCK-INGRAM

# Roaring into pharmaceuticals

**Rudi Frankel** has struck a very good deal with the Tannenbaum family for the acquisition of control of Adcock-Ingram (see *Companies*, page 534) But while the deal makes good financial and commercial sense for Tiger, the method of financing, as in the Stein Bros deal, is questionable

The motivation for diversifying into pharmaceuticals is sound and is based on the "people must eat, people do get sick and must get better" philosophy The diversification is unlikely to blur Tiger's investment profile, and the route that it is following has recently been trod by Nestle and its own 30% associate, J Bibby & Sons In fact it was co-operation on pharmaceuticals between Bibby's associate, Sterilin and Adcock that focused Tiger's attention on Adcock

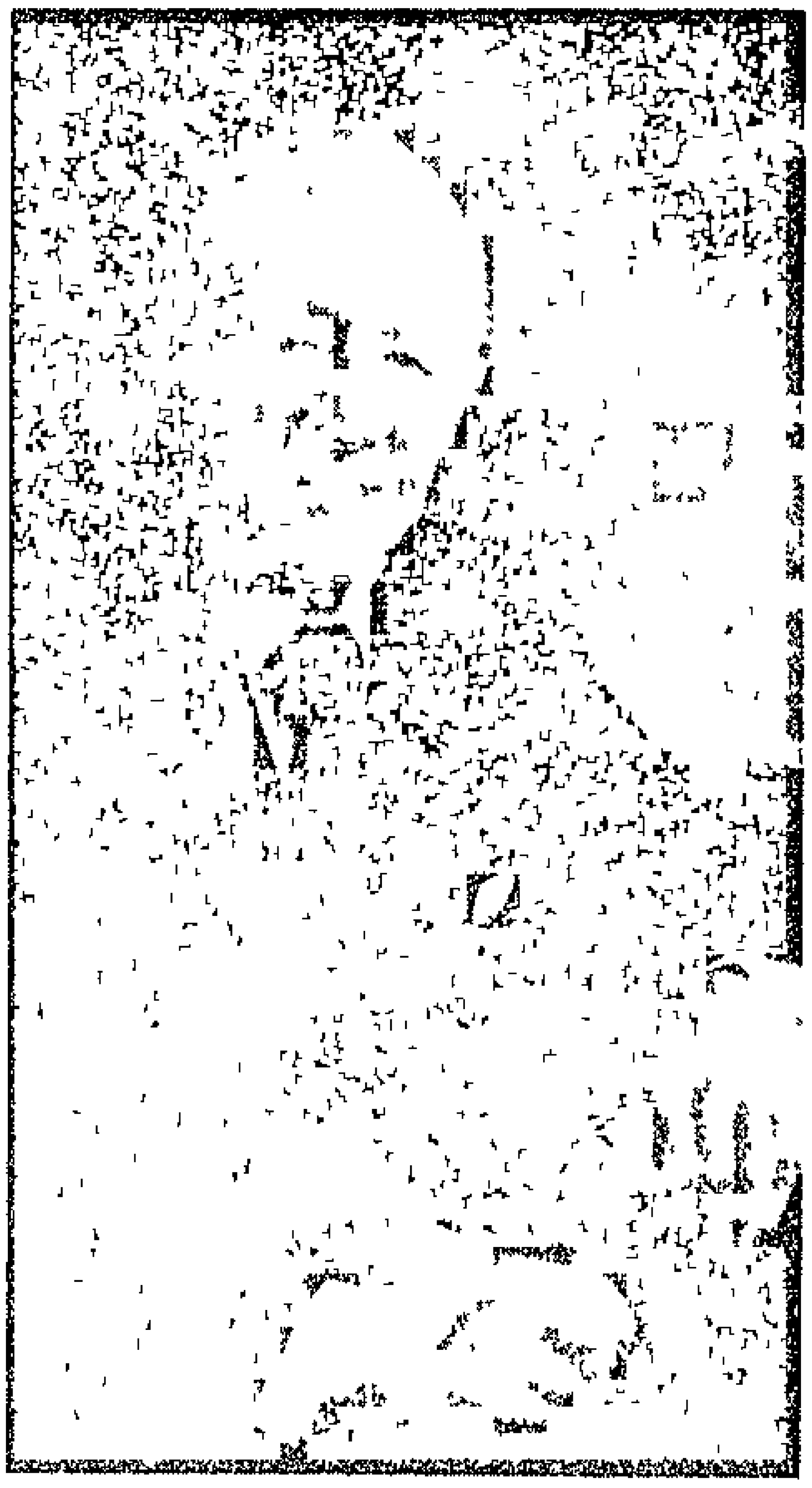
Pharmaceutical manufacturers have long been highly rated overseas, and could increasingly develop as a growth area in SA The build-up of economic and political pressure on SA strengthens the argument for self-sufficiency, and there is substantial scope for import substitution

The R11m price tag put on the pyramid means that Tiger is buying 48,5% of Adcock-Ingram at a small discount to net assets and on six times historical earnings This is not an expensive price for an entry into pharmaceuticals through a large established concern. I understand that Tiger will buy sufficient additional shares to take its interest in Adcock above 50%, allowing it to consolidate

The R11m package is being financed by R4,6m cash from its own resources and R6,4m by the issue of 690 000 automatically convertible prefs at 925c a share to Old Mutual These prefs were originally earmarked for the Ruto acquisition, which was frustrated by the Wheat Board, and are in essence ordinary shares with a fixed, but rising, coupon until converted into ordinaries on a one-for-one basis between 1984 and 1986. In the Stein Bros deal, this equity was issued at 860c on an initial yield of 10,5% The rise in equities and fall in interest rates have shifted the issue price up to 9,7% at initial yield, and already make the first tranche look expensive

But should this type of equity have been used for the acquisition, and if so, should it not have been offered to all shareholders by way of a rights issue? Or was the primary motivation in using this route to entrench Old Mutual as the dominant shareholder in Tiger?

Certainly the latter was a very important consideration Rudi Frankel says he was determined to "anchor and moor" Tiger to Old Mutual, or some similar institution, to ensure it never became prey to "Chinese paper merchants". Having Old Mutual's financial muscle benevolently in the background, with a 21% voting stake, is certainly to Tiger's advantage. But there are other shareholders, especially institutions, who regard these prefs as particularly attractive



Rudi Frankel . . . moored to Old Mutual

I have little doubt that, as equity, they should have been offered by way of rights and that Old Mutual could have acted as underwriter Tiger feels that as it needed cash quickly to wrap up the deal, it couldn't afford to be on risk for financing through the time-consuming motions of a rights issue, which could have in any case been upset by political factors — an argument which others will probably want to try

But it is doubtful whether either argument will wash, because surely Tiger, which is capitalised at R105m, could have raised a relatively insignificant R6,4m from its bankers?

Also the equity is being issued at around 4,5 times this year's earnings to buy Adcock-Ingram on six times earnings. As it is arguable that these automatically convertibles should be included as ordinaries for earnings per share calculations, there is no initial benefit from the acquisition on Tiger's earnings per share.

Interestingly, some of the original parcel of automatically convertibles were passed on by Old Mutual to other investors and are now listed on the JSE at 900c bid Perhaps institutions who feel strongly about being left out could bid Old Mutual direct for some of this second parcel

But from Tiger shareholders' point of view, the cementing of the association with Old Mutual and the long-term benefits of the diversification into pharmaceuticals should have positive impact on the market rating

*Richard Stuart*

A tangled web of red tape and buck-passing

S Tribune 4/12/77

# Oily mess!

(186)

By ESMOND FRANK

A TANGLED WEB of bureaucratic red tape, a seemingly endless round of official buck-passing and a virtual absence of communications between major government departments have combined to stifle a bid to cut the retail price of salad and cooking oil in South Africa.

This allegation was made in Johannesburg this week by Theo Muller, outspoken chairman and managing director of Shield Buying and Marketing Consolidated Limited, the core company of the R200-million Shield Wholesale Group which co-ordinates bulk buying and provides promotional services for wholesalers.

Muller said effort to import refined salad and cooking oil from Rhodesia at prices substantially lower than those here have been thwarted by "State interference in the free enterprise system."

He says the Rhodesian oil can be imported at a total landed cost that is 19 percent lower than the price currenly demanded by local manufacturers. This, he claims, would have reduced the price to consumers by about seven cents a bottle.

Muller adds that permission to import the low-cost oil from United Refineries in Bulawayo was sought from the Department of Commerce in Pretoria about six weeks ago.

Following instructions given by the department, John McCance-Price, general manager of Shield, made application for an import certificate on the prescribed form, Schedule IV.

The application was for 150 drums each containing 200 litres of oil. The value of the order was R20 090,37.

Import certificate number RH 77/7, signed by B. J. Fox for the Secretary of Commerce, was issued by the Department of Commerce import and export control in Pretoria on October 26

This consignment, according to Muller, was subsequently delivered to warehouses in Johannesburg and Uitenhage.

## Annotation

Darryl Marshall, Shield's marketing manager, later made application to the Department of Commerce for an import certificate to cover a further 9 550 cases of oil valued at R61 081,80

The certificate, Number RH 77/12, was issued on November 8 This time, however, it bore a penned annotation by the Director of Imports and Exports "This document is not an import permit."

Marshall claims that Shield had, until then, not been told that a permit was required for the importation of salad and cooking oil from Rhodesia

This shipment, he says, was stopped at the Beit Bridge border post and returned to United Refineries in Bulawayo by customs officials who apparently acted on instructions from the Department of Agriculture

The Department of Customs and Excise, he adds, also impounded the shipment of oil already in the country, alleging that it had been illegally imported

But he points out that the company had completed the documentation required by the Department of Commerce, which had granted an import certificate, and the oil had been passed by customs officials at Beit Bridge.

Marshall says Customs and Excise refuses, however, to release the oil without permission from the Department of Agriculture That department has in the meantime, told Shield that only Customs and Excise is empowered to release the impounded oil, which may now be subject to a punitive duty of 25 percent ad valorem

Marshall says the Secretary for Agriculture told him in Pretoria that the importation of salad and cooking oil is prohibited because of over-production in South Africa and a glut of world markets which has depressed the international price

He stresses that this information was not conveyed to Shield by the Department of Commerce when the applications for import certificates were made.

Similar problems have been experienced by the large Johannesburg-based wholesale merchants, A Sweidan and King.

Company director Maurice Frank says he is is able to buy salad and cooking oil in Rhodesia at almost 50 percent less than the current price here But he declines to comment on "the delicate situation" that now exists between oil importers and the government departments

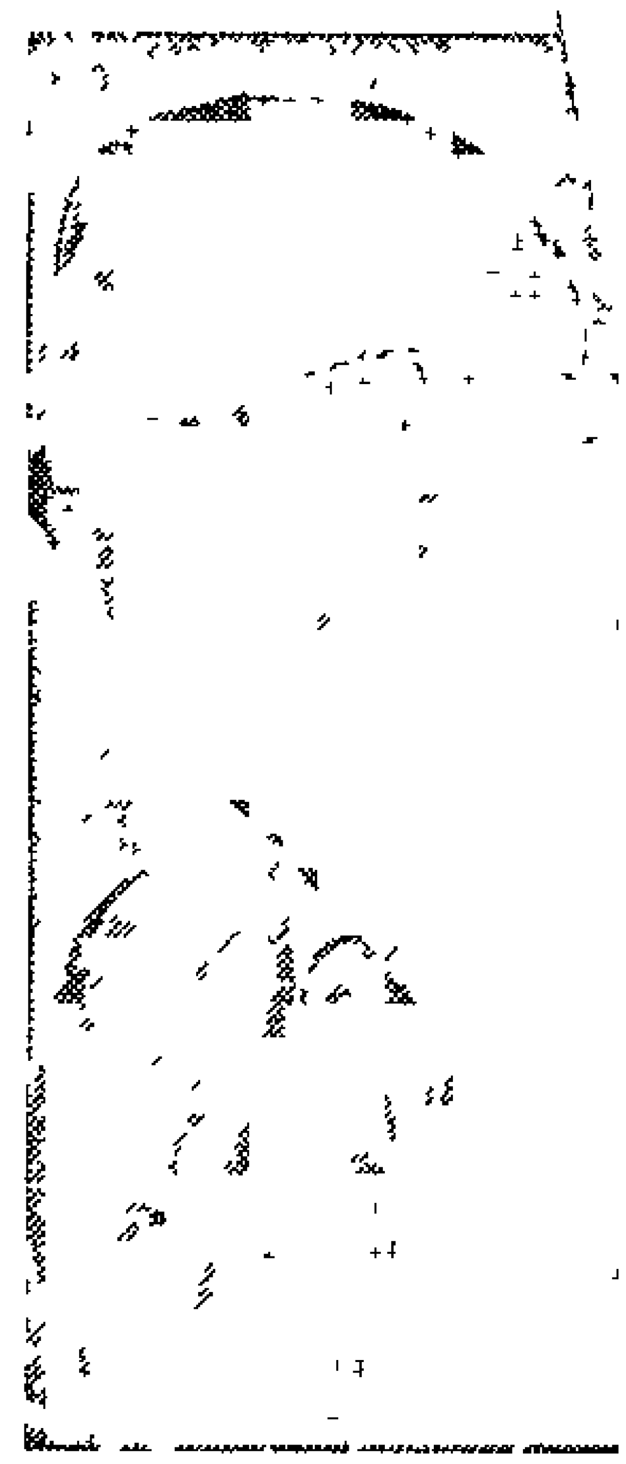
## Protect

Shield chief Muller, however, believes that pressure has been exerted on the Department of Agriculture by the major South African salad and cooking oil producers to protect their interests.

He alleges that the price of locally produced oil was increased by between eight and nine percent about six weeks ago and that another increase is in the pipeline despite the claimed glut on the local market.

"Price increases in the face of a glut," he observes, "do not make economic sense in a free enterprising marketing system.

"I believe we are having a repeat performance of the recent controversial butter price story"



Theo Muller

Sidney Matus, who heads the nationwide Spar buying organisation, says he does not believe the price of cooking oil has been increased recently.

He attributes any rise to fluctuations in the discounts offered by suppliers seeking to maintain their profit margins

And he adds that prices are unlikely to be increased in the immediate future in view of the over-production situation

Raymond Ackerman, Pick 'n Pay boss, says the price of salad and cooking oil is "relentlessly increased" after the Oil Seed Control Board meets each April whether or not there is a glut.

He adds that retail profits on cooking oil are particularly low since it is "a price-sensitive line".

SUNDAY TRIBUNE, DECEMBER 18, 1977 186

**Top, the old type, red-skinned Vienna which will vanish from the market after Christmas. Left, a pinky brown Vienna, and right, the new pale pink variety in the red pack.**

# Battle of the banned bangers

## YOU CAN'T HIDE POOR MEAT INSIDE THOSE RED CASINGS HEALTH OFFICIALS TELL BUTCHERS

By PENNY SWIFT

THEORIES that red-skinned Vienna sausages were banned because they cause cancer and foul up sewerage systems, were proved wrong this week when it was disclosed for the first time the recent ban stemmed from quality control motives.

Until this week the Department of Health had been silent about the official reason for their decision banning red skins for Viennas.

It had been reported that it was following the example of overseas countries which believed the dye used for the red casings was harmful to health.

Another theory was that the dye, a synthetic substance, caused problems when disposed of through normal sewerage systems.

But it now appears the department's aim was merely to prevent manufacturers hiding a low quality sausage in a dark coloured casing.

Interviewed in this month's official Health News, Dr P. N Swanepoel, head of the department's consumer products section, said: "We want to ensure that the public isn't sold a low quality product camouflaged by the red casing.

"As far as we are concerned the colourants and other food additives now in use are perfectly safe."

### Surprise

Manufacturers, few of whom are enthusiastic about the ban, were surprised to hear Dr Swanepoel's explanation.

Mr Ezra Glick, a camouflage a bad product It's absurd."

He had understood the reason for the ban to be a fear that the dye might cause cancer

"This particular dye is banned everywhere else in the world for health reasons and we thought the Government was following the world trend"

Red Viennas were to have been illegal from November 6 but it is understood that some manufacturers have been given until the end of the year to get them were a pinky colour throughout. Baynesfield Viennas looked more like regular Frankfurters and Eskort Vienna Sausages were a very pale shade of pink

All except Enterprise were in red coloured packs.

### Banning

According to Mr Goldberg, manufacturers who did not use red packs before the banning switched in an effort to retain their share of the Vienna sausage market.

Anthropology Department

Course Outline - Social Anthropology I - 1978

Welcome to the course! Please read and keep this programme carefully as it constitutes your work schedule in this course for the year. Replacements will cost you 20c each.

Lectures begin on Monday 27th February at 8.30 a.m. in the Beattie Theatre. Films will be shown at 1.10 p.m. on Monday, Tuesday and Wednesday (27th, 28th, 1st March) and on the following Monday and Tuesday (6th, 7th March). They form an integral part of the introduction to the course. Apart from the first week, lectures are on Tuesdays, Wednesdays and Thursdays.

Tutorial groups meet on Mondays and Fridays at 8.30 and at 9.25 and on Tuesdays at 2.15. Attendance at all meetings of your tutorial group is essential.

Essays must be placed in the box at the foot of the staircase leading to the department by noon on the specified day. We do not undertake to mark any late work.

Film Programme. From 14th March, films will be shown in the Beattie theatre at 1.05 p.m. every Tuesday.

Notices are usually given out at the beginning of lectures and posted on the Notice Board at the entrance to the department. Consult the board regularly.

HELP with your work can be obtained from your tutor, the person currently lecturing, and from anyone else in the "South Tower" of the Arts Block. Phone 69-8531, ext. 303/4. We are always pleased to see our students.

Assessments. All your written work is relevant to your final result. Your essays and the June Test count for 40% of your total. The final examinations count for 60% but N.B. A satisfactory examination performance is necessary to pass the course.

Books. Light introductionsto the subject include:

E.S. Bowen: Return to Laughter
H.R. Bernard (ed): The Human Way

An anthology of further light reading is obtainable from the secretary. You ... certain books which are vital for many ... ended minimum:

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director of Dairy Supplies in Durban, said this reason seemed illogical.

"We were not camouflaging anything by using red skins."

He said he had been led to believe the ban was imposed purely for health reasons.

Mr Harold Goldberg, national buyer for Checkers, said: "Colouring Viennas will not off supermarket shelves."

A snap survey in three of Durban's major supermarket chains — Spar, Pick 'n Pay and Checkers — showed only one type of red-skinned Vienna still on sale And only a small quantity of these Enterprise Weiners were available.

Most other makes — Supremacy, Country Girl and Renown —

"The greater share of the market wants a red Vienna and by packing the new pink Viennas in red, manufacturers hope to keep their market."

A spokesman for Franke and Co, which still manufactures red-skinned Enterprise Wieners, said they had been given an extension of time and would produce their last red sausages this week.

# BIG SWING TO 'WHITE' FOODS

27/12/77 Mercury Reporter (186)

**DRASTIC changes are taking place in Black eating and drinking patterns, according to the findings of a report just released by the University of South Africa's Bureau of Market Research.**

A survey by the bureau has uncovered two trends:

That more and more Africans are discarding traditional foods in favour of Western food and drink; and

That fewer Africans are trying to imitate Whites by buying things like wigs and skin-bleaching creams.

The bureau says the amount of money spent on grain products alone shows how much African eating habits have become Westernised.

In 1970, for example, Africans spent nearly 38 percent of their food budgets on mealie-meal Now it is only 23 percent.

## Urban

The survey, which deals with urban Africans, shows that there is a big switch to white bread.

Other trends are that more, proportionately, is being spent on meat, vegetables and fruit, but less on milk products and eggs.

When it comes to meat, however, Africans are spending less of their food budgets on beef and mutton and far more on poultry which has jumped from 8 to 22 percent since 1970.

## Malt

Sorghum beer is no longer the favourite home drink it used to be. Since 1970 the percentage amount spent on drinking this kind of beer at home has dropped from 28 to 5 percent of the average household's liquor budget.

Malt, or "White" beer is now the most popular home drink. Africans now spend about 58 percent of their home liquor budgets on this compared with 36 percent in 1970.

After malt beer, brandy is the next popular home drink.

In 1970 Africans spent about 43 percent of their personal care budgets on face-bleaching creams and wigs. This has now dropped to 23 percent indicating, says the Bureau, that Africans are becoming more aware of their own identity and are no longer trying to emulate Whites as they used to.

## More of the sweet life — and what's down on the farm

# SHUDDER THROUGH THE NEW YEAR SUGAR BILL

Mercury Reporter

SWEETMAKERS, bakers, canners, soft-drink manufacturers and food processors will be forced by yesterday's 32 percent increase in the price of sugar to consider putting up their prices early in the New Year.

In a second hammer blow to consumers fertilizer prices will rise by 14,3 percent next year. The Price Controller has granted this increase, which will send the cost of farm produce upwards.

Industry uses more than a quarter of the sugar consumed in South Africa. It will pay R60 a ton more (R246 per ton in Durban).

In Johannesburg the managing director of Carnation, Mr. Bill Stewart, said the company would put up prices immediately.

Condensed milk would go up by at least 4c for a 397ml can now selling at 36c.

Other products affected by the firm's decision are canned fruit, fruit juices, cordials and candied citrus peel.

Mineral water prices will not rise until the Price Controller gives permission.

Mr. D. C. Bear, a vice-president of the S.A. Federation of Mineral Water Manufacturers, said yesterday it would call a meeting early in January.

The sugar price rise would affect this sector "quite seriously," he said.

The rise would cost the mineral water manufacturers R5 million more.

Chewing gum, with its 80 percent sugar content, would be affected, said Mr. Stewart Banner, commercial director of Beech-nut Life Savers.

He said the company had attempted to keep prices down but the price of sugar had increased by 72 percent in the past few years.

There were other cost increases, and his company could not afford to run at a loss, though it would hold prices down for as long as possible.

Meanwhile the sugar industry faces a 14,3 percent increase in fertiliser prices, it was announced yesterday.

This will lift the production cost of sugar beyond the estimated R265 a ton.

The domestic market will have to be subsidised by exports, which are running at R45 a ton less than is needed.

The local market has been buying sugar heavily for the past few months, anticipating a price rise. Some concerns may hold the existing price until they have to buy new stocks.

Maize farmers say that the fertilizer increase has come at "a most inopportune time." There would be strong pressure to increase the maize price in April when it came up for review.

The price of wheat and bread will be affected. Bread is expected to rise in price soon.

The sugar industry will have to absorb this increase. Most farmers will have to absorb the costs, estimated to be R36 million, as they grow crops with controlled prices.

Prices for fertilizer are expected to be: General purpose 2:3:2 — from R111,05 to R125,28 a ton. Maize fertilizer 3:2:1 — from R125,39 to R142,33 a ton. General purpose limestone fertilizer R115,10 to R131,92 a ton.

Dr. H. C. Luitingh, director of the Fertilizer Society of S.A., said the rise was due to rail tariffs going up, the Government reducing subsidies to farmers and increases in the prices of electricity, phosphate rock and nitrogen.

A small percentage (1,6 percent) had been allowed for production, marketing and administration cost rises.

He said the industry had not recovered its increased operating costs, nor did the change allow for the rising costs of replacing equipment.

The maize producers organisation, Samso, said in Pretoria yesterday that the increase created grave problems for agriculture. The maize industry was in a serious financial position, expected a smaller crop in 1978 and faced other cost rises.

Farmers said that fertilizer was a basic commodity and that any increase would lead to demands to increase the price of most foods.

An increased mealie price would mean an increase in chickens and eggs. Beef and mutton prices would be affected by any increase in fodder prices.

Local industry spokesman were not available yesterday for comment on the fertilizer rise.

A sugar surplus is not expected this season. Most mills have closed down for their annual checks.

Large exports and a modest domestic consumption rise are expected to leave a small surplus in the silos which could be absorbed by the time the new season opens in late April.

Cane growers are expected to cut production by 10 percent next season following the expected quota cuts arising out of the International Sugar Agreement.

Meanwhile Mr. Stewart, of Carnation, has attacked the Government for the increase: "I believe the Government must accept a major portion of the blame for allowing such a steep increase on a basic commodity during hard times when so many thousands of Black and White workers are on the streets," he said.

Another basic foodstuff hit by the increase of prices in the New Year is maizemeal. The 2,5 percent increase becomes effective on January 9.

It represents an increase of about 1c on a 2,5kg packet of meal. At Pick 'n Pay the current discount price is 39c a packet.

The increase is the result of the removal of a subsidy on transport by the South African Railways, according to Mr. Alan Gardiner, a top executive in the Natal Pick 'n Pay organisation.

Mr. Gardiner suggested that Mr. Chris Heunis, Minister of Economic Affairs, kept an eye out for "unscrupulous producers who jumped on the bandwagon of necessary New Year price increases."

Meanwhile, housewives began hoarding sugar yesterday — but supermarket spokesman said that existing stocks would continue to be sold at the old price.

However, new stock — at the new price of 34c a kg — would probably be on the shelves by next week, they said.

Acta-Rapport 5/2/78 (186)

# Asokor se omset op tot R126 m.

**ONDANKS die sterk kostestygings wat die laaste tyd in die vleishandel ondervind is, het Asokor en Karoo-Vleisbeurs albei daarin geslaag om hul wins ná belasting vir die ses maande tot 31 Desember op te stoot.**

Dit is die eerste helfte van hul boekjare Tradisioneel is dié maatskappye se wins in die tweede helfte van die jaar beter as in die eerste helfte Gevolglik behoort albei vanjaar beter resultate te toon.

Asokor se wins ná belasting het vir die ses maande op R529 000 te staan gekom, teenoor die vorige jaar se R525 000. Dit verteenwoordig 'n verdienste van 9,2c (9,1c) per aandeel

Die maatskappy se omset het toegeneem van R120 miljoen tot R126 miljoen en die groepswins voor belasting het R1 548 000 (R1 493 000) beloop Belasting was ook effens hoer en het op R635 000 te staan gekom teenoor R169 000 die ooreenstemmende tydperk die vorige jaar

Karoo-Vleisbeurs het ook beter gevaar en het sy wins ná belasting en die belange van minderheidsaandeelhouers van R427 000 tot R495 000 opgestoot Dit verteenwoordig 'n verdienste van 4,0c (3,5c) per aandeel

## Belowend

Die maatskappy se omset vir die ses maande het toegeneem van R109 miljoen tot R115 miljoen, terwyl die groepswins voor belasting toegeneem het van R1 263 000 tot R1 359 000 Belasting het op R572 000 (R543 000) te staan gekom

Die voorsitter van Karoo, mnr Jan Pickard, sê hy is baie tevrede met die resultate — veral met die oog op die uiters moeilike omstandighede wat in die vleisbedryf ondervind word

Hy sê die groep se fabrieksprodukte onder die handelsmerke Enterprise, Franke en Supremacy is steeds in goeie aanvraag by die verbruiker en die produkte word nou landwyd versprei

Die lewendehawe- en varsvleisafdelings van die groep, wat deel van Karoo is, het ook 'n suksesvolle tydperk gehad en die vooruitsigte vir die lopende ses maande lyk baie belowend

Karoo-Vleisbeurs het vir die volle boekjaar tot 30 Junie 1977 'n belaste wins van R1 491 000 getoon en het 'n dividend van 6c per aandeel betaal Asokor se belaste wins was R1 721 000, terwyl hy 'n onveranderde dividend van 9,5c per aandeel betaal het

Sunday Tribune 5/2/78 (186)

# SHORTAGE OF TINNED PILCHARDS WORSENS

THE MASSIVE shortage of tinned pilchards on the supermarket shelves is likely to get worse this year as fishing quotas have been even more drastically cut.

In normal years the South African pelagic fishing vessels are allowed 450 000 tons. In 1977 this was reduced to 200 000 tons and for 1978 another reduction brings them to 125 000 tons.

During 1977 approximately 50 percent of pilchards caught were exported to about 70 different countries. A spokesman for Federal Marine, marketing arm of the pelagic fishers, points out that prices received on the export market average out marginally higher than prices received on the local market. Nevertheless, he emphasises that all markets have been kept open, although drastically rationed, and exports have received even greater cuts than the home market

The main problem is that the pilchard fishing grounds off the coast of South West Africa and Angola have been fished out, due to intense Japanese and Russian activity there in recent years.

The pelagic fishing industry has been hard-hit financially.

The government has just announced permission to the pelagic fishing industry to use a limited number of midwater trawl nets on an experimental basis for an initial period of two years

The purpose of this concession is to investigate the suitability of this method of trawling to catch more of those species of pelagic fish which have not been exploited fully so far by the local industry, and to encourage the utilisation of some of these species of fish for direct human consumption.

The industry has been given permission to equip 18 boats with this type of net. Fishing may only be directed at pelagic types of fish but tolerances of up to 5 percent initially for catches of hake and panga will be allowed and catches during the official fishing season will be set-off against the pelagic fishing quota Fishing with these nets will also be allowed during the closed fishing season when the nets will have to be at least 75 mm and the boats will not be allowed to catch pilchards or anchovies

15. ... ders vir

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(i) Werk wat vir boer gedoen word (b.v. gedurende skool vakansies)

(j) Jaarlikse tydperk gewerk (dae of weke)

(k) Jaarlikse betaling: kontant

ander

FISHING (186) FM 10/3/78

## More for meal

**A measure of** relief for SA and SWA's hard-pressed inshore fishing industry will be announced shortly.

The Price Controller has awarded fishmeal producers a substantial price increase, from R272/t to R295/t, on the domestic market

Although SA inshore fishers are doing reasonably well this year — they expect to fill their 380 000 t quota without much trouble — the SWA arm of the industry, faced with a possible cut of the pilchard quota from 200 000 t to 125 000 t, is going to have a bleak canning season, so any boost of the fishmeal price will help offset canning losses

A higher fishmeal price will also stimulate the search in SWA for non-pilchard species and a number of factory owners are financing specially equipped boats.

The new price will enable factory owners to pay fishermen more. In terms of a new agreement with Walvis Bay boat-owners the landed price of fish will now be R32/t (R25/t) and it is felt that this, too, may stimulate the search for non-pilchard species for fishmeal reduction.

The higher price of meal on the home market will also result in higher prices for broilers and porkers in supermarkets.

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(a) Oppervlak... ...s werker sulke grond ... besit)

(b) Deel wat

(c) Vee (as w... ...ke ... pe ... ste ... er

(d) Beraamde d... en gesin sou kon lewe van ... ai is: maande

(e) Beraamde ja... deur werker:

# TIGER OATS: STILL EATING GOOD

186 FM 10/3/78

**Depressed it may** be, but the country is still eating Voraciously, judging by Tiger's impressive prelim released this week.

Turnover rose 43% to R589m (R412m), trading profit 30% to R32,8m (R25,2m); and taxed attributable profits 19% to R22,3m (R18,8m) despite a R516 000 reverse in the fishing companies and initial cost (R1,3m) of the pref dividend

Tiger's earnings per share, excluding the fishing companies, rose a sterling 27% from 135c to 172c. Fishing earnings dropped from 35c to 30c, with the result that earnings overall improved 19% from 170c to 202c. The final dividend of 30c brings the total for the year to 52c (46c) and puts the share price at 840c on a yield of 6,2%.

Much of the improvement is attributable to the maturing of Tiger's R130m capital expansion programme of the past five years, as well as firm demand for basic goods and burgeoning exports.

As expensive as Stein and those prefs once looked, a good portion of the improvement, at least above the line, was due to Stein, even though Rudi Frankel says "conditions in all markets, but particularly in poultry, eggs and fishing were difficult." As evidence of this, trading margins are down from 6,1% to 5,6%.

These results are in line with the interim, except that at the interim taxed attributable profits were 26% higher, and not just 19%. The relative decline was caused by the fishing decline and the pref dividend, which Frankel admits is "expensive but worthwhile." With the consolidation of Adcock Ingram, turnovers and pre-tax profits are in for a further rise next year, but with the prefs so dear, there's no guarantee of a further earnings rise of this magnitude

Tiger's Frankel . . . big growth

Fortunes on the fishing side deteriorated sharply in the second half. Last second half the fishing companies earned 21c, this time only 14c, a 33,3% decline

With the market becalmed and no hint of economic recovery in sight, Tiger's present price looks fair

*David Carte*

186 FM 17/3/78

## NOT SO BITTER

**Local market** sales of sugar have been duly socked by the 32% price rise at end-December, but the overall industry picture is not as bad as it might be.

In the first two months of the year local sugar sales dropped 26% to 118 096 t (159 315 t) due to the massive stockpiling which preceded the much-heralded price increase

"Look at it in perspective," says local market sales manager Frans Oosthuizen, "and you'll see that from May to February we sold 927 272 t (972 995 t). That is, 4,7%"

Oosthuizen expects March sales figures to be distorted "because customers are climbing in now and stocking up to save themselves the extra railage they will have to pay from April 1 This would amount to about R3,50/t from Durban to Johannesburg."

His estimate of local market sales in the coming season, which starts in April, is 1,04 Mt — slightly down on the current season's estimated sales.

2. Have you ever though of going to work in a city?
   If yes, why don't you?

3. What sort of work (if any) would you rather do - either on a farm or somewhere else?

4. What jobs would you like your children to do?
   Why?

5. If worker has not been to school: Why didn't you go to school?

   If worker began but did not complete schooling: Why didn't you finish your schooling?

Problems

1. What would you most like to see changed in your working conditions? (wage, payment in kind, hours, holidays)

   In your living conditions? (housing, recreational facilities)

FM 24/3/78 186

CONFECTIONERY

## Cocoa beans jump

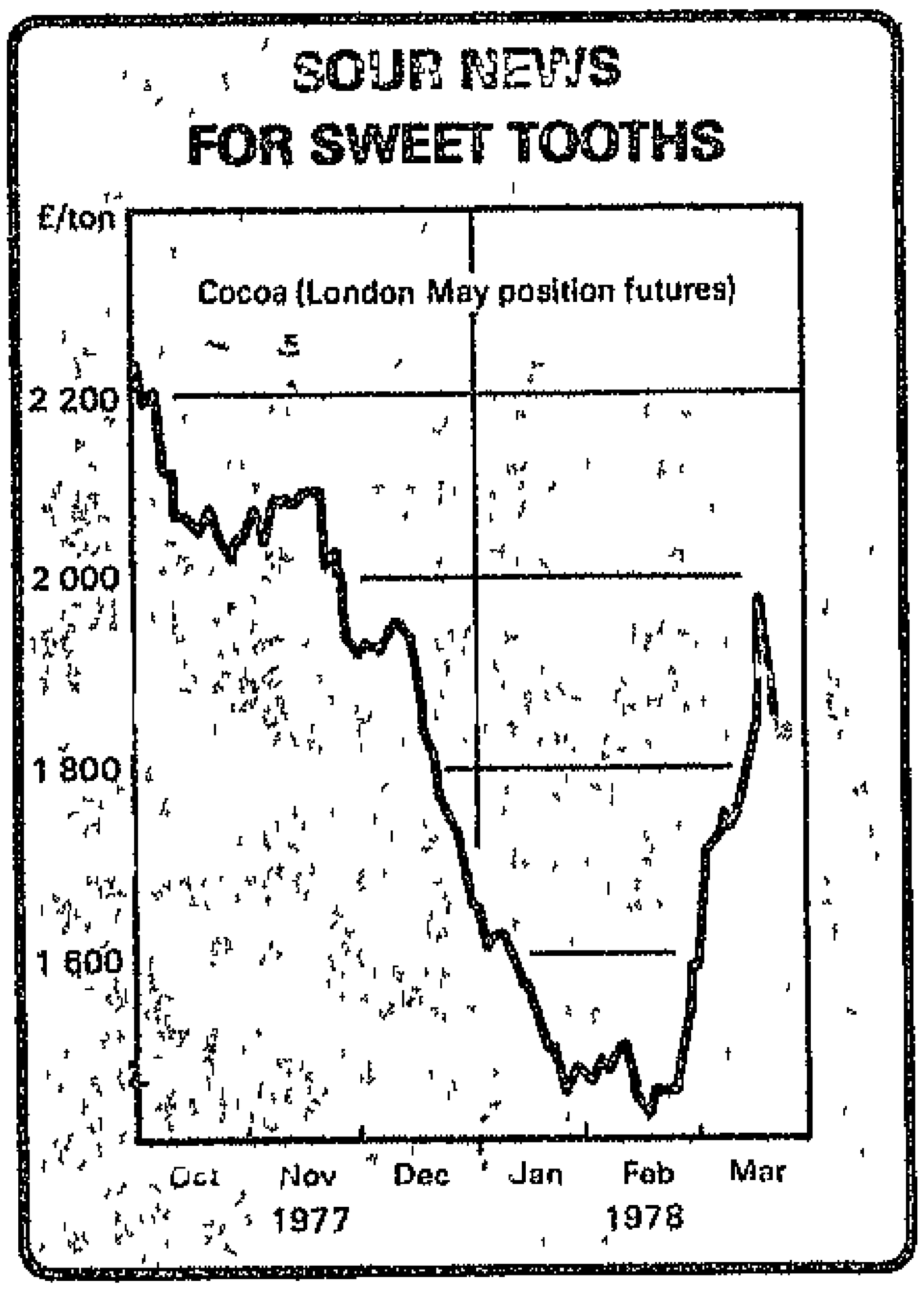
**Cocoa has** once again boarded the commodity price rollercoaster Last week saw prices on London terminal markets shoot up to 1978 highs — the May position for instance swept up to over £1 900/t following reports of a smaller than expected production surplus.

Though some dealers ascribe most of the increase to purely speculative buying and the covering of short positions by one manufacturer, there's no gainsaying that estimates of this year's crop have shrunk in recent months.

So are South Africans in line for another burst of chocolate and confectionery price hikes, bearing in mind too, spiralling costs of sugar which makes up half the volume of a slab of chocolate? (So sharp and frequent have the increases been in the past year or two that many sweet makers no longer even mark recommended prices on their products.)

SA's three main cocoa users are Nestlé, Cadbury-Schweppes and Wilson, Rowntree.

"We are still hopeful that prices can be held during 1978, and there will certainly be no increases before June," says one of the big three. He points out that January's 10% price hike was based




on present stocks of cocoa beans bought at last year's high prices, and 1978 purchases at an average of around £1 800/t "But if the price moves up by another £200-£300/t, we may have to reconsider," he adds.

That's the optimistic view. But a lot depends on each company's buying policies and its stock positions. For instance, it's rumoured that one of the other three market leaders made substantial purchases last year at close to the London market peak of over £3 000/t. And the third concedes he is sitting on a mound of high-priced stocks. "There could be price increases in the pipeline," he admits.

One dampener on raising prices still further is that already there are signs of consumer resistance The volume of chocolate slab sales for instance, has dropped about 10% in the past year, while counter lines and chocolate assortments have shown no growth

On the other hand, there is little doubt that fiercer competition and rising costs have pared manufacturers' margins. Any sizeable hike in cocoa bean or sugar costs is thus bound to be passed on to the consumer

● Good news for diabetics is that the Board of Trade & Industries is considering an application to reduce the 30% duty on diabetic confectionery, almost all of which is imported.

186 FH 24/3/78

# SUGAR SEASON: SMITH'S HIGH SCORE

**CG Smith Sugar** emerged as the star of the 1977/78 sugar season by pushing up its share of the industry's total production by 2,8%, with Illovo providing the fraction Main improvement was due to good performances by the Umzimkulu and Sezela mills

Smith's gain was largely Huletts' loss Poor weather in Zululand restricted cane supplies by about 4% in Huletts' case and consequently the group's share of total production declined by 1,3% Floods at the end of the previous season helped to make Umfolosi the main loser by 1,7%

Tongaat improved its position slightly despite a late start but the smaller groups either maintained their share or lost marginally With Illovo in its fold CG Smith Sugar is now clearly the giant of the industry and has more room for expansion than rivals Huletts, in which the Smith Group has a half share, and Tongaat

But the scope for improvement in CG Smith Sugar's market rating looks limited Through the Smith group's complex cross holdings, its investment income will be adversely affected by the group's stake in Stanger Pulp & Paper, which could involve either write-offs or provision of further funds against losses

*Mike Brown*

## OUTPUT RATINGS

| | 76/77 | % Total | 77/78 | % Total | % Gain/Loss |
|---|---|---|---|---|---|
| **HULETTS** | | | | | |
| Amatikulu | 218 034 | | 212 845 | | |
| Empangeni | 131 696 | | 128 616 | | |
| Felixton | 104 297 | | 100 433 | | |
| Darnall | 165 109 | | 160 902 | | |
| Mt Edgecombe | 122 574 | | 125 657 | | |
| Total | 741 710 | 36,3 | 728 453 | 35 0 | —1 3 |
| **CG SUGAR** | | | | | |
| Pongola | 91 889 | | 86 808 | | |
| Gledhow | 163 202 | | 157 357 | | |
| Sezela | 186 796 | | 204 341 | | |
| Umzimkulu | 78 991 | | 124 818 | | |
| Illovo | 71 090 | | 91 440 | | |
| Jaagbaan | 109 615 | | 110 284 | | |
| Total | 701 583 | 34 4 | 775 048 | 37 2 | 2 8 |
| TONGAAT | 192 238 | 9,4 | 211 398 | 10,1 | 0,7 |
| TSB | 125 529 | 6,1 | 129 201 | 6,2 | 0,1 |
| UMFOLOSI | 132 254 | 6,5 | 99 027 | 4,8 | —1,7 |
| MELVILLE | 46 371 | 2,3 | 41 236 | 2,0 | —0,3 |
| GLENDALE | 28 387 | 1,4 | 26 277 | 1,2 | —0,2 |
| UNION CO-OP | 46 080 | 2,3 | 44 493 | 2,1 | —0,2 |
| ENTUMENI | 27 368 | 1,3 | 28 735 | 1,4 | 0,1 |
| Total | 2 041 520 | | 2 083 868 | | |

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**FISHING** FM 24/3/78

# Gasping for breath

**The SWA** inshore fishing industry will be fighting for survival when the 1978 season opens next Tuesday

Although Economic Affairs Minister Chris Heunis was due to finalise his announcement about quota levels this week, after consultations — for the sake of form — with SWA Administrator-General Judge Steyn, official sources confirmed that factory operators at Luderitz and Walvis Bay will be limited to 125 000 t of pilchards, compared with landings of 194 275 t last year out of a permissible intake of 200 000 t

The minister's announcement is expected to contain an additional shock, however, that overall quotas for the SWA industry will be more than halved from its existing 940 500 t

Although the existing quota is of mere academic interest in view of the depressed state of the fishery, cutting it more than 50% is going to result in a savage reduction in fishing effort. The present boat population of Walvis Bay of 80, the overwhelming majority of which are privately owned conventional-type purse sein netters, will clearly have to be rationalised Hundreds of fishermen could lose their livelihood

Pegged to an intake of 125 000 t of pilchards, cannery operators are going to be forced to maximise landings of fish in a cannable state To achieve this, factory owners have invested heavily in refrigerated (RSW) and chilled (CSW) seawater systems in their trawlers. CSW systems cost about R145 per 100 t of fish, RSW about R200 per 100 t. This is beyond the reach of most private boat-owners.

Even if cannery yields can be pushed to unprecedented levels of, say, 45%-50% of pilchards landed, it is difficult to see how even last year's poor pack (under 4m cartons) can be matched.

With the home price of fishmeal increased to R295/t (compared with about \$350/t on world markets) the search for non pilchard species has been given added impetus

It is understood that a fair number of Walvis trawlers have been equipped with mid-water trawling gear and these will be deployed in the hunt for maasbanker (which in some cases, if landed in reasonable condition, can be converted to pet mince) About 82 000 t of maasbanker was taken in SWA waters last season. With the new technology, and provided the fish are still there, catches could probably be doubled

Catches of anchovy last year were 124 000 t Maybe this could be improved upon. If so, quota holders may come quite close to an overall catch of 400 000 t, which is roughly the level at which total activity is expected to be pegged this year

Whether it is still too high only events and intensive research will tell Mercifully, foreign distant-water trawler operators have in terms of the ICSEAF fishing convention undertaken to limit total pilchard catches to 11 000 t this year

MEAT INDUSTRY

FM 31/3/78

# Overdone again?

(186) ~~FM 31~~

**Is there** to be a repetition of last year's problems in the meat industry when meat was heavily over-supplied? The Meat Board had to buy in 54 000 carcasses of beef between July 1976 and June 1977 (This, incidentally represents only 5,1% of all carcasses offered )

Despite the world surplus and the Beef Mountain in Europe the board has managed to export (at a loss) nearly the whole surplus and now has only 1 500 carcasses left But, reports manager Gerrie Marais, there is still extremely heavy pressure at all controlled markets Quotas are being enforced, and for the first time for many years a quota for sheep has had to be introduced in Cape Town as the abattoir can only handle 5 000 carcasses a day.

The board is buying in beef at about 700-800 carcasses a week (ie plus/minus 3 000 a month). Though this is slightly below last year's figures it seems that the worst three months are still to come (see table)

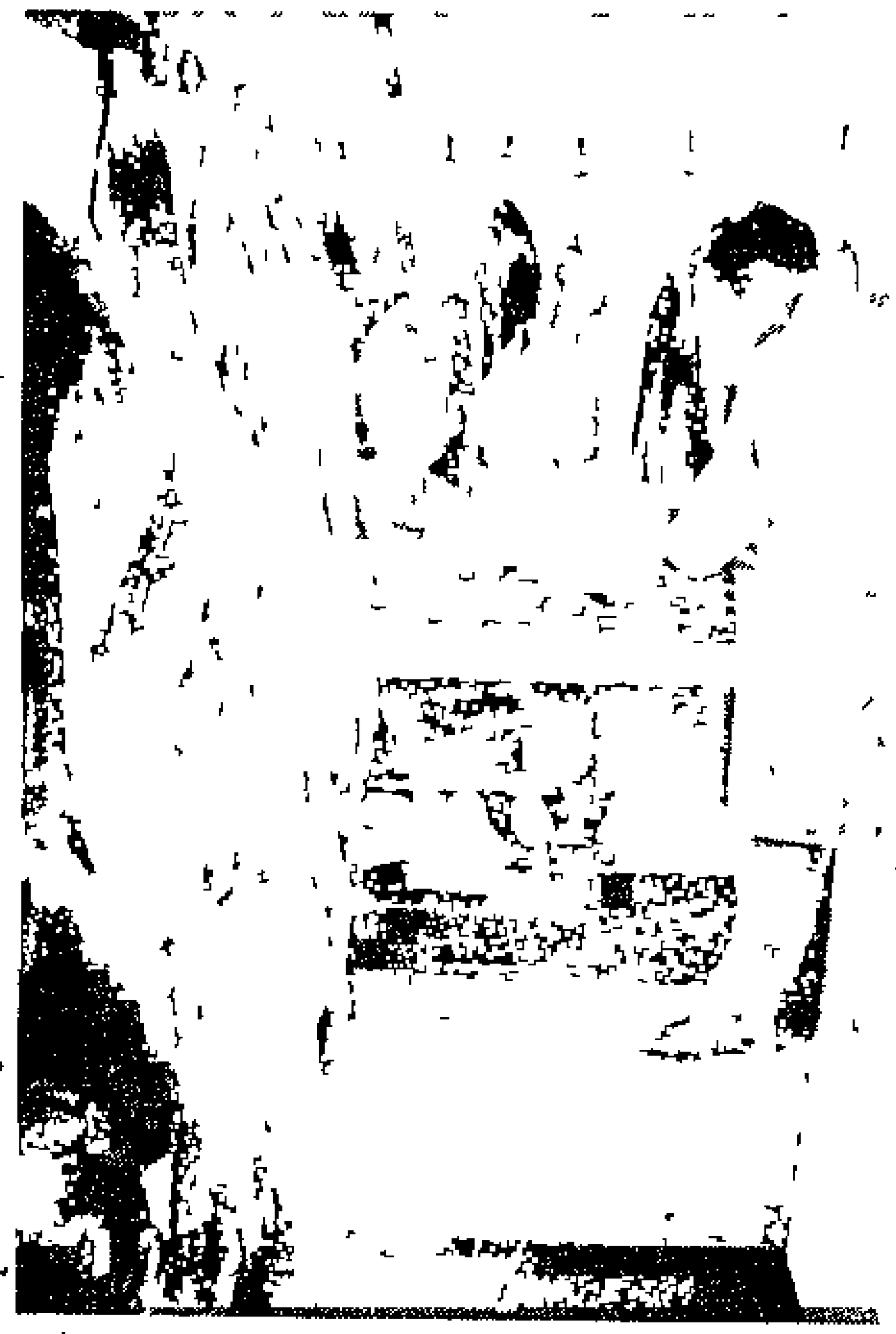
Marais contends that consumer resistance is not a serious factor — more beef was sold in 1977 than in 1976 He does not believe that a lot is piling up on farms at the moment because farmers are marketing at about 25% below cost to cover their financial commitments, thus marketing animals that would not normally have been sold at this stage

Between 1971-1977 the cattle population (white farms) increased from 7,8m to 9,5m. Due to the concentration on production in feed-lots more grazing was available, which allowed farmers to produce more breeding stock. All of which would be highly satisfactory, if only there was an adequate export outlet, or if the growth in demand had kept up with previous economic trends.

## THE SURPLUS

Beef carcasses purchased under the floor price scheme

| 1976/77 | |
|---|---|
| July | 3 959 |
| August | 4 451 |
| September | 4 239 |
| October | 4 201 |
| November | 5 129 |
| December | 3 267 |
| January | 2 245 |
| February | 1 567 |
| March | 5 036 |
| April | 7 387 |
| May | 4 181 |
| June | 8 173 |
| Total | 53 835 |
| 1974/75 total | 248 |
| 1975/76 total | 11 923 |



**Beef . . . if only there were an export outlet**

# Food trays were not covered

Natal Mercury

186

7/4/78

Mercury Reporter

MARINE Fish and Chips of Noel Road, Brighton Beach has been fined under Durban's Food by-laws for displaying food in uncovered trays which could become contaminated by flies, dirt or dust.

The licensee of the premises, Ronald St. Clair Whitfield, has paid R60 admission of guilt under Section 18 (a) of the by-laws.

A city health inspector found cooked samoosas, fried fish portions, cooked headless fish and giblets in gravy all displayed for sale in uncovered metal trays.

"They were on top of the counter and exposed to possible contamination," he reported.

# Pay jump threatens spiral on food cost

(186)

27/4/78
Star

Sieg Hannig, Labour Reporter

Trade union demands for big increases of pay in the food industry have met with no opposition from employers — raising the possibility of food price increases later this year.

The implication is that employers are happy to pay any wages the Wage Board may lay down.

No employer has submitted written recommendations to the Wage Board, which is reviewing the industry's minimum pay rate of R16,50 a week.

The coloured Food and Canning Workers' Union has asked for a new minimum rate of R40 a week and the black Sweet, Food and Allied Workers' Union wants a minimum of R37,50

This was disclosed in Johannesburg yesterday by Mr I J Claassens, of the Wage Board, who was here after hearings in Cape Town and Durban

The Bantu Labour Officer for the Witwatersrand, Mr P N Oelofse, said the Central Bantu Labour Board had asked for a minimum wage of R23 a week for labourers on the Reef

## CONSERVATIVE

But he recommended a minimum of R25 with an increase of nine percent a year later

Mr Stephen Thatho, member of a black liaison committee in Germiston, said a black resident required R204,55 a month and a migrant worker R116,25

Mr Claassens commented that Mr Thatho's estimate of a migrant's requirements was "very conservative" according to other evidence submitted to the board

"According to that evidence, the migrant's wife needed R18 of his weekly income to live in the homelands

Mr Claasens indicated that it could take more than four months for the revised wage determination to come into effect.

# Sparkling chess from Kerr

Peter Billingham

Brian Kerr played a sparkling game against Albert Ponelis in the Uitkyk chess tournament at Silverton last night

He prised open the queen-side pawns, then piled the pressure on the exposed king, mobilised his horses well and overwhelmed his opponent before Ponelis could get his pieces back into place.

This puts Kerr level with Kevin O'Sullivan and David Levy in second place behind German Master, Hans-Gunter Kestler, who now looks practically certain to win

David Friedgood and David Walker, the latter perhaps inspired by Kestler's triumph on Tuesday, drew in what was certainly the match of the evening.

Results of round nine — A Ponelis 0, B Kerr 1 D Friedgood ½, D Walker ½ P Aalbersberg 0, K O'Sullivan 1, A van Tets 1, T Gannholm 0

# US chooses SA scientist

Own Correspondent

WASHINGTON—A South African researcher, Dr James Gear, of the Institute of Medical Research in Johannesburg, has been elected an associate of the National Academy of Sciences, an organisation of scientists which advises the United States Government on science and technology.

Fourteen other non-Americans, among them some of the best-known scientists in Britain, Italy, Denmark, Germany and Switzerland, were also elected.

# WESTERN PROVINCE BLOOD TRANSFUSION SERVICE

WO 763

## SA soldiers 'help Unita'

**The Star Bureau**

LONDON — South African soldiers in Northern SWA/Namibia were seen assisting Unita forces to ferry arms and supplies into Angola last year, according to the white South African Swapo member, Mr Peter Manning.

This report was included in the information he sent from SWA/Namibia to London for use by the Swapo publicity department.

## German MPs to visit

BONN — A delegation of West German Parliamentary Deputies will visit Southern Africa from May 13 to 26, the Bundestag (Lower House) announced yesterday.

They will visit SWA/Namibia, South Africa and Zambia. — Sapa-Reuter.

# SA expert first with knee print

An Ermelo fingerprint expert has pulled off what is thought to be a world first for the South African Police — and made a breakthrough in criminal investigation procedures.

The expert identified a burglar from his knee print and in so doing opened up a new field of identification.

He is Detective-Sergeant Gideon Hoon, who investigated a break-in at a farmhouse in Sheepmoor, near Ermelo, in the Eastern Transvaal.

The only clue was an imprint on the lower half of a window pane, which Sergeant Hoon established was a knee print.

He lifted the print by normal fingerprint methods and noticed a mark, which he decided was a scar.

Sergeant Hoon then searched the area and interviewed many labourers until he found one with a scar on his knee.

The policeman photographed the knee and sent the print and the photograph to Fingerprint Headquarters in Pretoria.

Microscopic examination showed seven points which matched skin creases on the print to those on the photograph, besides the obvious scar.

The burglar was convicted on this evidence.

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146/e


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186 28/4/78

186 FM 28/4/78

## CADBURY SCHWEPPES

# More fizz, less thick

**Activities:** *Manufactures chocolate, sugar confectionery and various foods. Has a 9,4% interest in Amalgamated Beverage Industries (Pty) which consists of the merged bottling and canning assets of Schweppes SA and the Coca Cola Export Corp.*

**Chairman:** *C Cilliers; managing director: N C Bain.*

**Capital structure:** *5,1m ordinaries of 50c. Market capitalisation: R6,4m.*

**Financial:** *Year to December 31 1977 Borrowings: long and medium term, R5,2m; net short term, R5,8m Debt·equity ratio· 110%. Current ratio 1,5. Net cash flow· R1,7m Capital commitments R271 000.*

**Share market:** *Price 125c (1977-78 high, 127c, low, 65c, trading volume last quarter, 49 000 shares) Yields. 25,8% on earnings, 10% on dividend Cover· 2,6. PE ratio 3,9.*

**The least attractive** feature of Cadswep's balance sheet is the high level of gearing (110%) But servicing the debt is where it hurts most. At R1,5m (11,8% on total interest-bearing loans) interest charges were equivalent to 40% of gross profit.

| | '74 | '75 | '76 | '77 |
|---|---|---|---|---|
| Return on cap % | 8,3 | 8,3 | 11,8 | 13,2 |
| Turnover (Rm) | 39,9 | 49,2 | 41,7 | 26,1 |
| Pre-tax profit (Rm) | 2,1 | 1,1 | 1,5 | 2,3 |
| Gross margin % | 7,0 | 5,8 | 8,2 | 14,4 |
| Earnings (c) | 25 | 16 | 19 | 32 |
| Dividends (c) | 11,0 | 7,0 | 11,0 | 12,5 |
| Net asset value (c) | 230 | 238 | 282 | 230 |

But, in all fairness, it is an improvement on the position of two years ago when the interest bill was R1,8m and the debt:equity ratio 120%. That was when the Schweppes division (since sold) hit rough seas and incurred a loss of R614 000. In 1976, following the merger of the Schweppes and Coca Cola interests into ABI, a dividend of R170 000 swelled the coffers. Last year income from this source rose to R459 000, which is a nice turnaround.

Taking the book value of the investment in ABI (R7,7m) this represents a lowly yield of 6%. The directors have placed a current value of R4m on the shareholding, which brings the yield up to 11,5%. This accounts for net asset value declining from 282c to 230c.

Turning to trading performance, Cadbury's turnover showed a marginal 6,6% improvement. But, after adjusting for price increases, there was an actual decline in unit sales and profits were lower.

However the higher dividend from ABI and the lower tax rate pushed earnings up from 19c to 32c

Despite this improvement, cash flow was down sharply. With depreciation almost two-thirds down at R687 000 (R1,8m) and the higher dividend taking R633 000 against R557 000 previously, cash flow dropped by R1m to R1,7m

The outlook for chocolate products is "far from buoyant." Overall, chairman Charl Cilliers is no more than "guardedly optimistic." The market has reacted to the results by moving the price from 110c to 125c to yield 10%. But it is now fully valued.

*Gillian Counihan*

**Schweppes plant . . . but Coke's the real thing**

RECEIPTS

GENERAL FUND 1976

FM 28/4/78

186

# Let them eat bread!

**The reduction** in food subsidies announced in the 1978/79 budget, and the recent increase in the maize price, leave a lot to be explained

Total food subsidies (including fertiliser) were slashed by R28m — from R128,6m to R100,6m. The wheat subsidy will now be R45m (R60m last year), butter R5,5m (R7,5m) and fertilisers R15m (R19,5m) Maize drops from R60,9m to R50m (not R45m as the *FM* wrongly said last week)

On the other hand, an extra R20m has been provided "to stabilise the price of one or more basic foodstuffs, especially bread, to enable the lower paid and less affluent to adjust to the effect of the new sales tax," according to Finance Minister Owen Horwood

The Department of Agricultural Economics and Marketing estimated the maize producers' increase in costs for the 1977/78 season at R5,067/t. But the producers' price increase is R6/t (R5,95 after a deduction to cover SAAU's expenses).

Further increases in the prices of meat, eggs and chickens are forecast as a result of the increase in the maize price and the reduction of the maize subsidy.

The *FM* asked Minister of Agriculture Hendrik Schoeman to throw some light on the maze.

*FM:* **Why is the new producers' price for maize higher than the estimated increase in production costs?**

**Schoeman:** The estimates work only on certain areas. Some increases were not included For the last seven years farmers did not get increases to cover their production costs This year, compared to the same crop last year, the increase farmers will get is about R58m, whereas the total production cost increase was R103m. So maize farmers *have* been asked to absorb some of their production costs

**Is it your policy to abolish food subsidies altogether?**

It's not *my* policy It's the Minister of Finance's. The question is, how can he keep on subsidising if he has not got the money?

**Why has the R5,5m butter subsidy been retained?**

It has been reduced by R2m You can't take it off all in one year It is a direct consumer subsidy. If the price went up suddenly, consumer resistance might create a surplus In November 1976 the producers' price for cream was reduced by 30% and for industrial milk by 12%. Since then farmers have had no increase (*FM* note: This was to discourage butter production).

As regards fresh milk, according to press reports, producers are asking for an increase of 3c a litre — everything has gone up, electricity, bottles etc. And distributors are asking for 1,5c a litre more This is about 18% each. This will go to the Marketing Council first, and is far from being granted.

**Since the maize price is a "key" price which affects other prices (like chickens, eggs and meat), would it not have been less inflationary to keep the maize subsidy at all costs, instead of putting aside R20m for bread?**

Look at it this way maize requires a pot, water and coal to cook. Surely a loaf of bread which is already cooked is better at 16c for brown and 25c for white? Compare this to the price of cold-drinks at 41c a litre. And compare that to milk at 27c a litre

**How do you intend to use this R20m?**

This has not been decided. To subsidise bread at 1c a loaf would cost R15m. To subsidise milk by 1c a litre would cost R10m, so there's not enough for that.

**A general subsidy benefits the rich as well as the poor, so it is largely wasted. Would it not be better to apply this relatively small amount selectively — for instance, by increasing pensions, or subsidising school feeding, Kupugani, and other welfare organisations?**

Good idea. There is a lot of merit in this. In any case, there will be no increase in the bread price for three to four months In the meanwhile I will look into your proposal.

186
5/5/78

## PREMIER MILLING (186)
# Soft spot
FM 5/5/78

**At first glance** it appears from Premier's interim that second-half turnover was 10,1% down on the first six months at R322,9m and group pre-tax profit 8,4% lower at R21,7m. According to chairman Joe Bloom, the apparent drop arose because during the first half, sales to the company's depots were taken into account in the turnover figures. This was adjusted for in the second half and, allowing for the adjustment, sales during both periods were at much the same level

Even so there has been little apparent improvement in margins from first to second half Subtracting each half's R325 000 dealing profit on Stein Bros, pre-tax margins were just less than 5% compared to 6% last year And no meaningful improvement is expected

The margarine industry is settling down but other food sectors are still struggling in the face of over-capacity This year turnover should be higher on the back of the recent 16% maize price increase, but in real terms growth will be small The broiler industry remains over-supplied and a general economic recovery is needed before this area makes a meaningful contribution

Even so there should be little difficulty maintaining the 32,5c total dividend Capex is slowing down after the major expansion of the past couple of years and there is scope for reducing dividend cover.

To be talking in terms of maintaining the dividend sounds like a foreign language to loyal Premier shareholders who have grown accustomed to sustained growth But, the chickens, literally, have come home to roost

This is now the fourth disappointing set of half-year figures No longer can Premier justify the high rating it has so long enjoyed Marked down from 600c to 570c, the shares could remain a dull spot in a strong industrial market

*Jim Jones*

TABLE 1. ACCOMMODATION FOR SINGLE ... IN LANGA



FM 12/5/78

COFFEE AND CHICORY

186

## Grounds for complaint

**Ever wondered** why that tin of ground "coffee", which is actually more than half chicory, isn't marketed as chicory? Or why there's no pure chicory drink to be seen on supermarket shelves? Chicory farmers have been wondering too

"The coffee manufacturers are holding us to ransom They're riding on our backs," wails an eastern Cape chicory producer who with some of his colleagues recently set up a Chicory Speciality Organisation and is now trying to form a producers' co op to promote chicory

Ninety percent of the coffee drunk in SA contains chicory — some brands of ground coffee as much as 75%, and up to 50% in instant coffees What's more the proportion of chicory has risen substantially since the coffee price boom of 1975/76

Soaring coffee prices have also knocked consumption. Sales have slumped by about 25% in the past two years, in the process hitting chicory offtake And this at a time of surplus chicory supply

The chicory men complain that coffee manufacturers (who buy dried chicory from the Chicory Control Board and roast it themselves) take a hefty profit on coffee/chicory mixtures, and are thus unwilling to promote a cheaper, pure chicory drink They point out for instance, that a major manufacturer refused to co-operate in sponsoring a chicory promotion stand at the Rand Show

The chicory farmers now want to take over the roasting process from the manufacturers and thus have a greater say over the marketing of their product Since the Board is not allowed to sell processed chicory, the farmers (who have also had various complaints recently about the management of the Board) see the solution in forming their own co-op

The manufacturers don't see things that way at all "If they started roasting chicory, we wouldn't buy it from them," retorts Toby Gawith, MD of TW Beckett, which takes in about a quarter of chicory production. Becketts, he points out, has invested about R0,5m in its chicory roasters

The coffee men also argue that marketing a pure chicory drink isn't as easy as the farmers seem to think. F[or] the past few years Becketts has be[en] pitching its Twist chicory drink at th[e] black market, and — as a result of th[e] farmers' criticisms — is now test marketing Chicona, which is aimed at higher income groups. Though Twist has "done fractionally better than expected," says Gawith, "we don't forecast any great success with Chicona"

For one thing, chicory just doesn't have the right image — which is why those coffee/chicory mixtures aren't called chicory The manufacturers point out that with coffee prices now coming down slowly, chicory is losing some of its price advantage And the mixtures, they claim, have a longer shelf life than pure chicory

"If we thought we could make millions selling chicory, we'd certainly try," says Gawith And another manufacturer argues that "the farmers fail to realise that one's advertising budget is based on expectations of success"

The farmers aren't giving up Inus van Rooyen, the SA Agricultural Union's co-op expert, will be visiting the eastern Cape next month to investigate the feasibility of a chicory co-op Though he is unwilling to commit himself in advance on the chicory issue, he maintains that the SAAU's policy is that "if a producer wants to process his crops, he should be allowed to do so"

Coffee/chicory mixtures . . . the best of both worlds



TA... EN IN NYANGA

1/ ... ause contract worl
ground floor, and local men live on the other fl
See p. 21 BAAB'S total figure is 1 336.

SUNDAY TRIBUNE, MAY 14, 1978

186

# Better food scheme can save a million

By TONY SPENCER-SMITH

SOME of the worst malnutrition diseases could be almost wiped out in South Africa by adding the missing vitamins to mealie meal, and medical experts say the Government would save money by doing it.

High on the list of killers is a disease called pellagra, and a senior group of medical men has called on the Department of Health to start fighting it now.

Even "doctoring" African beer would help to stamp out beriberi heart disease, and the drinkers would not even taste it.

The call — an implied criticism of the Government's failure to introduce the scheme so far — is part of a major report on food fortification in this country prepared by the group, which was appointed by Medical Research Council.

A summary of the report was published in the latest issue of the Medical Journal, to provide information to "all who are involved in combating malnutrition in South Africa."

Their report says that although the maize meal fortification scheme has been approved by the Department of Health, the Treasury turned down a request for funds to get it going.

The researchers say that the Department of Health estimate that 100 000 people with pellagra are treated at hospitals every year is "relatively conservative".

And they warn that the number can be expected to increase in the current economic situation in South Africa as the poor come to rely to a greater extent on cheap staple foods such as maize.

They say that 70 to 75 percent of all maize meal for human consumption could be cheaply fortified with riboflavin and nicotinic acid, thus bringing down the number of pellagra patients by about 70 percent.

This would save more than R1 000 000 a year on hospital costs, even after deduction of the R460 000 it would cost to run the scheme.

Thus on purely economic grounds a very strong case could be made for a national maize fortification scheme — without even taking into account the loss of productivity caused by pellagra.

The authors say thiamine deficiency in black migrant labourers usually shows up in the form of beriberi heart disease.

"There is evidence that fortification of sorghum beer with thiamine is technically feasible, and that it would not alter the appearance, taste or physical characteristics of the beer."

C G SUGAR 186 FM 26/5/78

# Not sanguine

**The 55c final** dividend coming up from CG Sugar could be the last big payday for some time. How long, depends on the International Sugar Agreement sticking together and on whether the Minister of Economic Affairs accedes to the lobby pushing for another domestic price increase

The prospect of the world sugar price reacting to the quota cutbacks imposed by the ISA is depressing. World production this year is estimated to be up to 7 Mt in surplus which would leave a stock carryover of about 35 Mt For the ISA to work, the US will have to sign — and there is no certainty that it will.

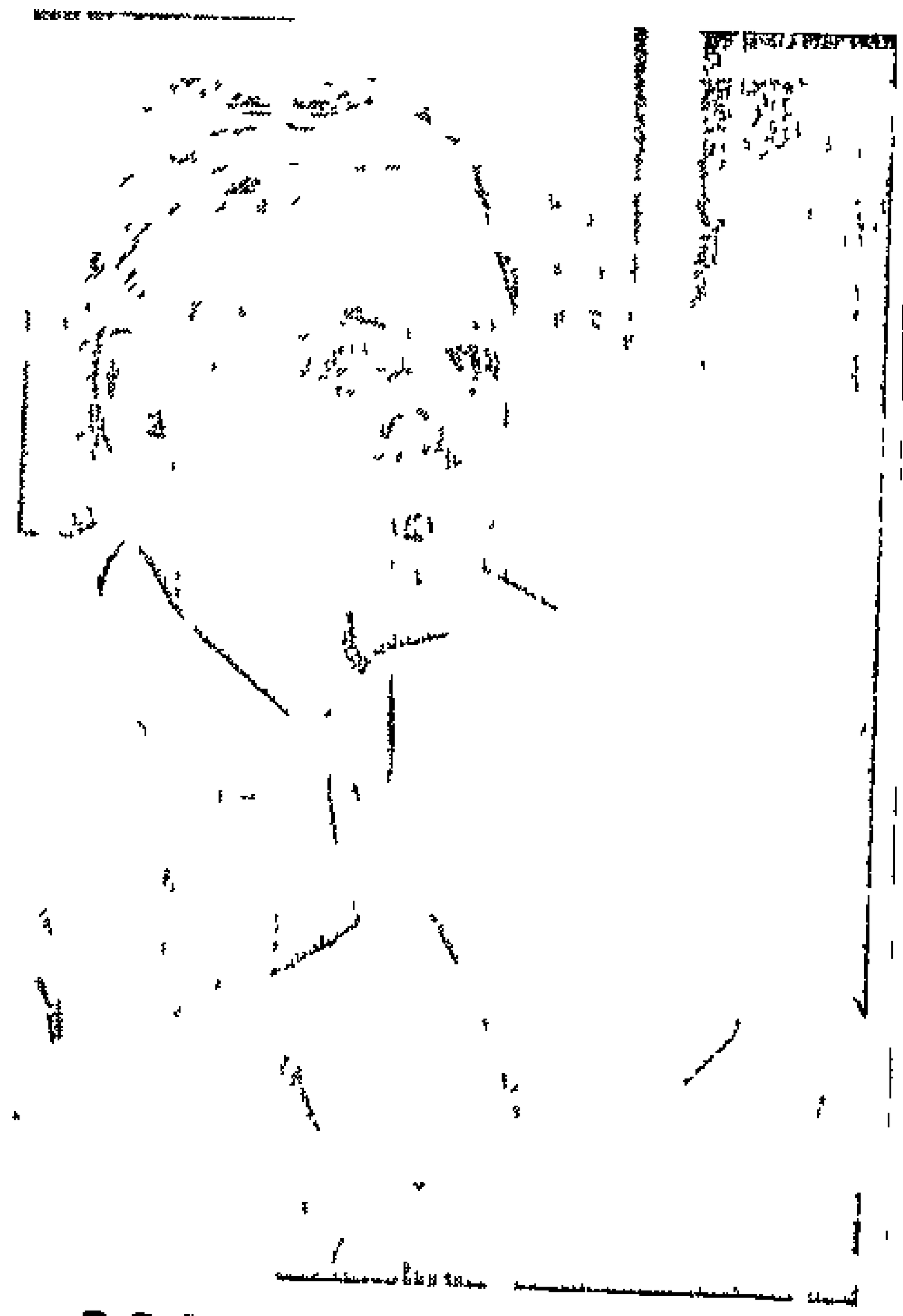
Also, the ISA has not managed to come to terms with the European beet producers, who are selling their subsidised output onto a reluctant world market. If the ISA falls apart, the world market will deteriorate into chaos But assuming that it does hang together, the crucial factor is the time it takes the consuming countries to work through the stockpiles built up ahead of the agreement coming into effect

A decision to start selling the current crop cannot be delayed for much longer The spot price shows no sign of firming off £100 and the future price in March 1979 is only £120/t The industry as a whole is facing a huge deficit (probably over R50m) on exports plus the burden of financing the stockpile which will be well over 100 000 t The internal sugar price of R246 is just enough to cover costs, but not sufficient to provide growers and millers with allowable returns on capital

The decision on how to finance the deficit and how much of it could be offset by an internal price rise will probably be delayed as long as possible in the hope of the world price reacting to the ISA But whatever is decided, the chances of the sugar companies being allowed their claims for working costs and returns on capital in full, are remote

The view of the directors of CG Sugar in the prelim is that they cannot take a sanguine view of the current year's prospects It is impossible to disagree with them

C G Sugar pays out a high proportion of its earnings — last year 75c out of 106c. This policy is dictated by the high free cash content of earnings, but it also means that the payout is vulnerable to lower profits



C G Smith's Frank Jones . . . last payday for some time

But in C G Sugar's favour, the balance sheet is both strong and liquid Retained cash flow of around R11m will have been more than sufficient to handle capital expenditure In addition, the high sugar stocks of R15m last year, which were swelled by the carryover at Umzimkulu, will have been run down over the year and converted into cash. Against that, Illovo has bought some borrowings onto the balance sheet and there is the cost of that acquisition in the form of R9,4m redeemable variable rate prefs

What this adds up to is that though it is impossible to make a stab at current year's profits, C G Sugar should be in a position to pay the bulk of its cash flow out in dividends Profits should suffer more than dividends.

Predicting a year ahead, given the current uncertain state of the sugar market, is impossible Much will depend on prospects this time next year. But while the industry sweats it out watching for signs of strength in the world price, I can't see much point for investors to sweat along with it The best time to sell is while the shares remain cum the big final dividend This advice extends to the other sugar companies that will be reporting soon.

*Richard Stuart*

TIGER OATS (186) FM 2/6/78

# Still roaring ahead

**Activities:** *Diversified food group. Controls Oceana group of fishing companies and Adcock-Ingram pharmaceutical group Important investments include 30% of J Bibby, 30% of Metro Cash, 16% of National Food Holdings and 14% of Imperial Cold Storage Old Mutual is the largest shareholder with 22% of the votes*

**Chairman:** *R L Frankel.*

**Capital structure:** *11,1m ordinaries of R1; 1,85m automatically convertible prefs of R1, 11,3m 12,5% red prefs of 100c, 555 000 5,5% cum prefs of R2 and 660 000 variable rate red prefs of R1 Market capitalisation. R124m (including automatically convertibles)*

**Financial:** *Year to December 31, 1977 Borrowings· long and medium term, R35m; net short term, R65m. Debt:equity ratio· 54% Current ratio: 1,1. Group cash flow R39m. Capital commitments R15m.*

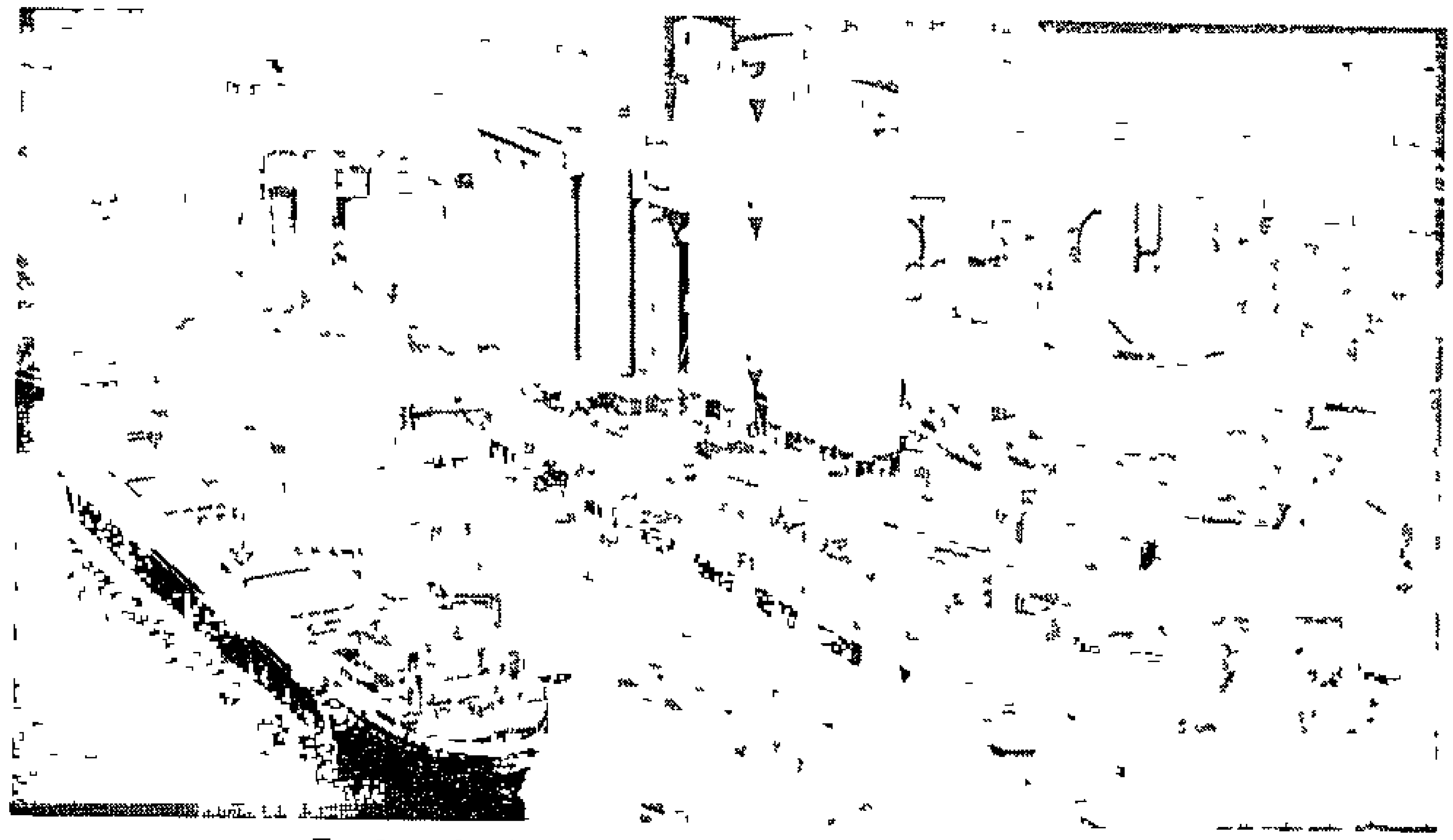
**Share market:** *Price: 94c (1977-78· high, 965c; low, 700c, trading volume last quarter, 110 000 shares). Yields 21,4% on earnings, 5,5% on dividend Cover 3,9. PE ratio: 4,7.*

| | '75 | '76 | '77 | '78 |
|---|---|---|---|---|
| Return on cap % | 17,0 | 16,8 | 18,0 | 16,6 |
| Turnover (Rm) | 261 | 334 | 412 | 551 |
| Gross profit (Rm) | 26,6 | 31,4 | 40,7 | 50 0 |
| Gross margin % | 10,2 | 9 4 | 9,9 | 9,1 |
| Earnings (c) | 113 | 140 | 170 | 202 |
| Dividends (c) | 35 | 41 | 46 | 52 |
| Net asset value (c) | 785 | 943 | 1 086 | 1 291 |

**Considering that** Tiger has been in the midst of a massive capital expenditure programme for the past five years, which is now within R10m of completion, it is remarkable that it has been able to keep return on capital and gross margins virtually intact over this period This is even more remarkable when one considers the base from which it started — fixed assets have multiplied three-fold in this period.

There have been acquisitions over this period as well, notably Stein Bros last year, and Adcock-Ingram, which, however, is only included as an investment in the latest set of accounts as it became a subsidiary after the year-end. This expansion necessitated a major revamping of the capital structure. Two issues of automatically convertible prefs to Old Mutual brought in R16,4m of new fixed capital while R12m of redeemable prefs were also issued during the year. The debt ratio is now 54% before consolidating Adcock-Ingram

Capital expenditure of this magnitude usually takes time to produce optimum returns as excess capacity becomes utilised. With the programme coming to an end, Tiger now has the established capacity to ensure continuing growth over the next few years.



Durban bulk terminal . . . sharply higher profits

The one development that still has to be completed is the animal feeds plant at Paarl. This is not expected to move into profit immediately and should further delay respectable profit returns from the animal feeds and agri-business sector, which is already the least profitable division. It produces only R2m of after-tax profits on R135m of turnover Cut-throat competition in the broiler and egg industries is causing great concern. Rudi Frankel says "In the absence of a rational approach to the present problems, the long-term interests of these two important sectors of the agricultural economy will be severely prejudiced."

**Fishing declines**

The fastest growth is in general trading, bulk handling and shipping activities Profits here more than doubled to R3,2m after tax on only a 12% increase in turnover. This was due to a combination of the bulk shipping facility at Island View starting to pay its way and the large surpluses of agricultural products available for export through this facility

Overall, after-tax profits are up from R21,6m to R26,0m. But that includes a lower contribution from fishing which Tiger has always been at pains to separate from the general business.

Excluding fishing, group earnings rose 25% from 137c to 172c Fishing contributed a further 30c to make the total 202c. But there is no unanimity in computing earnings. The auditors' view is that they should be 221c, and accordingly have qualified the accounts.

The points of dissent are the tax equalisation reserve that Tiger has created to spread the benefits of the investment allowances over seven years rather than distort bottom line earnings in the year they are received; currency losses, which Tiger treats as a below the line item; and thirdly, Tiger has knocked its profits by excess depreciation at one of its plants

There is going to be another problem to take into account in future There are now 1,85m automatically convertible prefs in issue, comprising 14% of issued share capital. But these are really ordinary shares, except that they qualify for a preferred and accumulating dividend. Should they not also be taken into account in eps calculations?

As for the year ahead, fishing profits will again be sharply lower; Stein Bros will be in for a full year instead of nine months, Adcock-Ingram will be consolidated, and the new shares will have to be serviced for a full year Which makes forecasting rather complicated. But the best news is that since the close of the financial year, 'total volume sales have been maintained and, although intense competition is being encountered in certain areas, particularly the agri-business sector, overall trading conditions have nevertheless remained satisfactory."

While Tiger does not attempt replacement cost accounting, it has recognised the basic argument in favour of it in its own way. It has increased dividend cover in each of the last seven years, in the process doubling cover from two to four times. So while the yield might look a bit mean at 5,5%, this leading blue-chip, which is still in the midst of a rapid growth phase, is selling below five times earnings, however one likes to calculate them. That is still cheap. *Richard Stuart*

## ALTECH

# Blue chip rating

**Activities:** *Electronics and electrical conglomerate formed in 1977 with the take-over of STC (SA), Allied Electric and MSN Products Directors hold 51,4% of the equity, and STC 36%.*

**Chairman:** *L Wildman, chief executive: W P Venter.*

**Capital structure:** *8,4m ordinaries of R1. 3,4m 11% cum first red prefs of R1. Market capitalisation: R36,1m.*

**Financial:** *Year to February 28 1978. Borrowings: long and medium term, R2,7m. Net cash: R5,8m Debt.equity ratio: 15,5%. Current ratio. 1,8. Net cash flow: R2,5m. Capital commitments: R1m*

**Share markets:** *Price: 430c (1977-78: high, 440c; low, 140c, trading volume last quarter, 48 000 shares). Yields: 11,8% on earnings; 4,6% on dividend. Cover: 2,6. PE ratio: 8,5*

| | '76 | '77 |
|---|---|---|
| Return on cap% | 30,9 | 32,6 |
| Turnover (Rm) | 3,1 | 53,8 |
| Pre-tax profit (Rm) | 0,6 | 7,3 |
| Gross margin % | 21,3 | 14,4 |
| Earnings (c) | 20,9 | 50,8 |
| Dividends (c) | 8 | 20 |
| Net asset value (c) | 114 | 192 |

**The balance sheet** shows the full effect of the reversal into STC and Allied Electric, and should please the market as it is stronger than expected. Altech exceeded the forecasts made at the time of the acquisition, with earnings of 50,7c compared to 37,6c Net asset value at 192c is 42% up on the predicted 132c.

The electronics industry is only some 25 years old in SA and has since burgeoned into a R1 000m a year giant. Altech is now the biggest SA-controlled electronics group in the country, a position which it is rapidly consolidating and should maintain.

Although it does not disclose the contribution made by STC, this is about 59% of profits. The balance sheet is sound, although the acquisitions have distorted the comparative figures to such an extent that they are virtually meaningless.

Stated financial objectives are borrowings should not exceed 50% of fixed capital; total liabilities should not exceed fixed capital; the current ratio should be maintained at 1,8; the liquidity ratio at 1.1; and operating profit should be at least 16% of sales, although in the current year it is expected to be about 15%. Return on capital should be about 40%, and income after tax approximately 30% of fixed capital.

If all these objectives, can be fulfilled, shareholders should have no reason for complaint Borrowing ratio is only 15,5% and total liabilities are R17,5m compared to fixed capital of R19,6m. The current ratio is 1,8, and the liquidity, or quick ratio slightly less than 1:1.

Operating income as a percentage of sales falls short of the required 16%, at 14,4%, but with cost savings and greater productivity this target is realistic. A return of 15% is likely in the current year. Once 16% has been generated,

**Altech's Venter . . . growth areas in electronics**

operating income should be at least 40% of capital employed — for the past year it was 32,6%, and taxed profits were 22,4% of fixed capital — but the aim is 30%. Dividend income will be about 40% of earnings

The order book is worth R41m, so it seems safe to assume that Altech will produce excellent growth in the current year. And if the Post Office goes ahead with plans to introduce a fully electronic telephone system, Altech should be in line to receive very substantial orders.

Meanwhile, to maintain current growth it is committing "substantial funds and resources to research and development," and is also looking around for suitable acquisitions, especially in the power electronics field

Since the April prelim, Altech's share price has risen from 330c to 430c Yielding 4,6%, the market has rated it as a blue chip. Assuming that the earnings growth is steady, as it should be in a fast expanding industry, this seems a fair price. *Gail Pemberton*

## DUNSWART STEEL

# After the re-shuffle

**Activities:** *Iron and steel producer wholly owning Alpha-Dunswart and Alpha Free State, General Mining holds 30%.*

**Chairman:** *G Clark, managing director: K T Brightman*

**Capital structure:** *4,8m ordinaries of 50c, 100 000 6% cum prefs and 300 000 6% second red cum prefs of R2, and 200 000 10,5% red cum prefs of R1. Market capitalisation: R4,2m.*

**Financial:** *Year to December 31 1977. Borrowings. long and medium term, R16,8m Debt:equity ratio: 113%. Current ratio· 1,9. Capital commitments: R6,3m*

**Share market:** *Price: 87c (1977-78· high, 155c; low, 38c; trading volume last quarter, 229 000 shares).*

| | '74 | '75 | '76 | '77 |
|---|---|---|---|---|
| Return on cap % | 18,9 | 16,1 | 16,0 | — |
| Turnover index* | 149 | 184 | 208 | 194 |
| Trading profit (Rm) | 7,1 | 6,9 | †4,2 | 2,9 |
| Earnings (c) | 59,9 | 55,5 | 47,5 | — |
| Dividends (c) | 20 | 20 | 20 | — |
| Net asset value (c) | 382 | 361 | 427 | 338 |

*Base 1972=100

†Adjusted for sale of Standard Brass

**During 1977,** Dunswart was reorganised. Standard Brass was sold to Genmin, while Alpha Free State and Alpha Dunswart were eliminated as pyramids to become wholly-owned subsidiaries. The rights issue and sale of Standard Brass raised a total of R16,6m, and Genmin now holds 30% of the equity.

Following the reorganisation, Dunswart's operating profit was R2,9m (R4,2m). The comparative figures have been adjusted to include the attributable portion of Standard Brass's net income after tax. After interest and depreciation, the deficit before tax amounted to R2m, (R1,5m profit). The depreciation charge was R2,7m (R1,6m) and net deficit attributable to ordinary shareholders amounts to R2,1m (R3,5m profit)

Interest charges are a hefty R2,1m on total liabilities up to R19,5m. However, most of the debt is now long — as opposed to short-term. The current ratio has improved to 1,9 (0,9), with net current assets amounting to R7,8m, compared with net current liabilities of R1,7m in 1976.

The final cost of Dunswart's capital expenditure programme will be about R13m, of which more than R5,7m has been spent The programme, to increase production capacity, will be completed in 1978.

Dunswart's crude steel production was

## H LEWIS (186) FM 9/6/78

## O... ...istic outlook

**Activities:** *Maize miller and manufacturer of breakfast foods. Also produces oil and soap and operates cotton gins Directors control 30,8% of the equity while Premier Milling owns 21,3%*

**Chairman:** *C Lewis*

**Capital structure:** *2,06m ordinaries of 50c Market capitalisation. R8,5m*

**Financial:** *Year to February 28 1978 Borrowings· long and medium term, R1,29m; net short term, R8,9m. Debt equity ratio. 124% Current ratio 1,2. Group cash flow R2,52m Capital commitments. R103 000*

**Share market:** *Price: 410c (1977-78· high, 410c; low 280c, trading volume last quarter, 4 700 shares). Yields 22,6% on earnings; 8,0% on dividend Cover 2,8%. PE ratio: 4,4*

| | '75 | '76 | '77 | '78 |
|---|---|---|---|---|
| Return on cap % | 28 7 | 26 4 | 24,6 | 23,1 |
| Turnover (index) | 196 | 171 | 189 | 266 |
| Pre-tax profit (Rm) | 2,44 | 2,64 | 2 44 | 2 99 |
| Earnings (c) | 71,8 | 90 9 | 71 8 | 92 6 |
| Dividends (c) | 24 | 26 | 26 | 33 |
| Net asset value (c) | 23 | 298 | 341 | 401 |

**Despite a return** to profitability in the cotton ginning division with near-capacity operations, increasing costs appear to have eroded group margins On a 40,5% turnover increase, group pre-tax profit only advanced by 22,3%.

The profit improvement came entirely from the ginning and oil and soap divisions. Exports were marginally lower and the maize milling and breakfast foods came under intensified competition resulting in an apparent 7,5% profit drop in that division.

For the current year, apart from clear indications of continuing cost increases, the directors see no reason why profits should be less than last year. Export order books are almost full, the cotton gins should again operate at full capacity and the Butterworth flour mill will contribute for the full year

But margins will remain under pressure especially in the local breakfast foods market, so profit growth could again be lower than that of turnover.

Increased turnover and continuing repayment of long term loans has meant that financing has become increasingly dependent on short-term borrowings, which rose 63,8% But this is not particularly worrying as long as turnover continues to grow

There is no mention of a turnover drop towards the year-end, so it appears that with accounts receivable only 33,5% higher on the year, debtors' control has been improved Year-end stocks increased at a marginally greater rate than turnover, which is acceptable in view of the higher turnover anticipated for the current year

So, while short-term debt is being used to finance growing turnover, there is little pressure to increase the long-term component of debt Management, in any case, is adopting a conservative approach to non-current financing, preferring to fund long term requirements with permanent capital through retentions

For the current year the directors give no estimate for likely earnings But it is unlikely that last year's percentage increase can be repeated There should be potential for an earnings increase to about 105c which should allow a 35c payout The shares' poor marketability militates against a buy recommendation but for holders a firm hold recommendation is clear

*Jim Jones*

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57.

There are two kitchens 27' x 21' and the men have small square food locker... in an attached 'pantry'. Each kitchen has 4 concr... sinks but there is no hot water The floor is uncovered concrete.

Around the perimeter of the walls are 3' hi... The men cook on paraffin cookers. There are two electric ... in the townships, these kitchens are dirty, grimy

There are two ablution blocks in each ... block has eight 'squat' toilets at groun... sinks. There is hot water, but the show...

As may be gat... nor worse th...

UTICO (186) FM 9/6/78

## No more losses

**The market's** rerating of Utico over the past year has been justified by the interim results for the six months to end-March. Pre-tax profits for this period at R3m (R1,8m) are higher than the R2,8m made in the whole of last year. Turnover is up at R39,7m (R35m), although the comparable period included the confectionery division. Deducting this, turnover is up by over 11%.

This turn-around is almost entirely due to the elimination of losses from American Candy, which was sold in October last year A provision of R2,3m was made against the final loss in the 1977 accounts. The bulk of the proceeds of about R2,2m from this sale are due to be paid by September.

Meanwhile, on the tobacco side, there has been no growth in the tobacco products market since September 1976, nor is any expected with the 4% gst coming in July. Before the budget the seasonal trend in retailers' buying was again evident, and consequently April and May have been quieter months.

Consolidated earnings from Rhodesia are lower due to the Rhodesian devaluation, which further enhances Utico's present performance The Rhodesian arm last year made R1,7m and continued to perform well, although lower earnings are expected for the year.

On the food side the introduction of Willards Crinkle Cut chips have been a big success and, since their advent in November, growth has been so impressive that total chip output has been converted to crinkle cuts.

After the dismal performance of the last three years Utico is aiming to revitalise its balance sheet — hence no interim dividend and very little chance of a final. Chairman Henrique Rankin says: "Dividends will only be paid when the group has consolidated its position. Meanwhile the after-tax return on equity at 12% is still too low and barely sufficient at current rates to finance working capital requirements and provide for growth." The target is 15% and presumably it will only be nearer this level that dividend payments will be resumed, which is of course sound management tactics.

If Utico can produce the same results in the second as in the first half, it will be well on the way to a complete turnaround. And, from now on, it will be a question of cutting costs, streamlining the organisation and improving market share. Earnings to date are 21c (3c) and on prospective earnings of about 40c the share at 120c is fairly valued.

*Gail Pemberton*

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longer much in it and Premier, one of the few industrial blue-chips to have fallen in price over the past year, is probably also in a buying area *Richard Stuart*



FM 9/6/78

# Slipping behind Tiger

**Activities:** *Diversified food group whose major interests are concentrated in milling wheat, maize and sugar and in manufacturing edible oils, fats and margarine A 51% subsidiary of Associated British Foods*

**Chairman:** *J Bloom.*

**Capital structure:** *25,7m ordinaries of 50c; 621 000 5,5% red prefs of R2 Market capitalisation R138,8m*

**Financial:** *Year to March 31 1978. Borrowings: long and medium term, R58m; net short term, R31m. Debt equity ratio 92%. Current ratio. 1,2. Net cash flow. R22m. Capital commitments· R24m.*

**Share market:** *Price. 540c (1977-78 high, 710c; low, 497c; trading volume last quarter, 187 000 shares). Yields· 15,7% on earnings; 6,1% on dividend. Cover: 2,6. PE ratio· 6,3.*

| | '75 | '76 | '77 | '78 |
|---|---|---|---|---|
| Return on cap % | *22 5 | 20,5 | 20 3 | 17,9 |
| Turnover (Rm) | 390 | 464 | 566 | 682 |
| Gross profit (Rm) | 29,9 | 37 1 | 42 4 | 45,4 |
| Gross margin | 7 7 | 8,0 | 7,5 | 6,7 |
| Earnings (c) | 58 | 73 | 82 | 84 |
| Dividends (c) | 25 | 29 | 32 | 32 5 |
| Net asset value (c) | *269 | 398 | 442 | 488 |

* *Before revaluation of land and buildings*

**Premier's Bloom . . . growing reliance on short-term debt**

**A year ago,** we suggested a switch from Premier into Tiger Premier was then 650c and Tiger 745c and it looked as if the historical pattern of the two shares moving closely in tandem was about to break. And indeed it did Premier is now 540c and Tiger is 940c

The question now is whether the overdue correction in relative market ratings has run its course. Writing last week I regarded Tiger as still being cheap Does the same apply to Premier?

Only on dividend yield considerations is Premier more attractive than Tiger at this moment But this is a reflection of dividend policy While Premier has maintained a rough 2,5 times cover, Tiger has steadily increased cover to four times, in the process financing more of its expansion programme out of self-generated funds than from borrowings Also as Tiger is not foreign owned, it has been free to expand its equity base The result is that the debt ratios of the two are now radically different Tiger's debt ratio is 54% compared to Premier's 92%.

This high debt ratio is a little disturbing in view of the growing reliance on short-term debt, in particular acceptance credit facilities, and the declining overall return on capital. While this is still satisfactory at 17,9%, and incidentally still higher than Tiger's return, it has declined from 20,5% two years ago. This indicates that the incremental return on new capital invested is nothing like that which has been achieved historically. But the return on new investment is one of the fundamental influences on share prices

Premier has R24m of capital projects planned, which should largely be financed from retained cash flow — R22m for the past year — though competing with increasing working capital requirements.

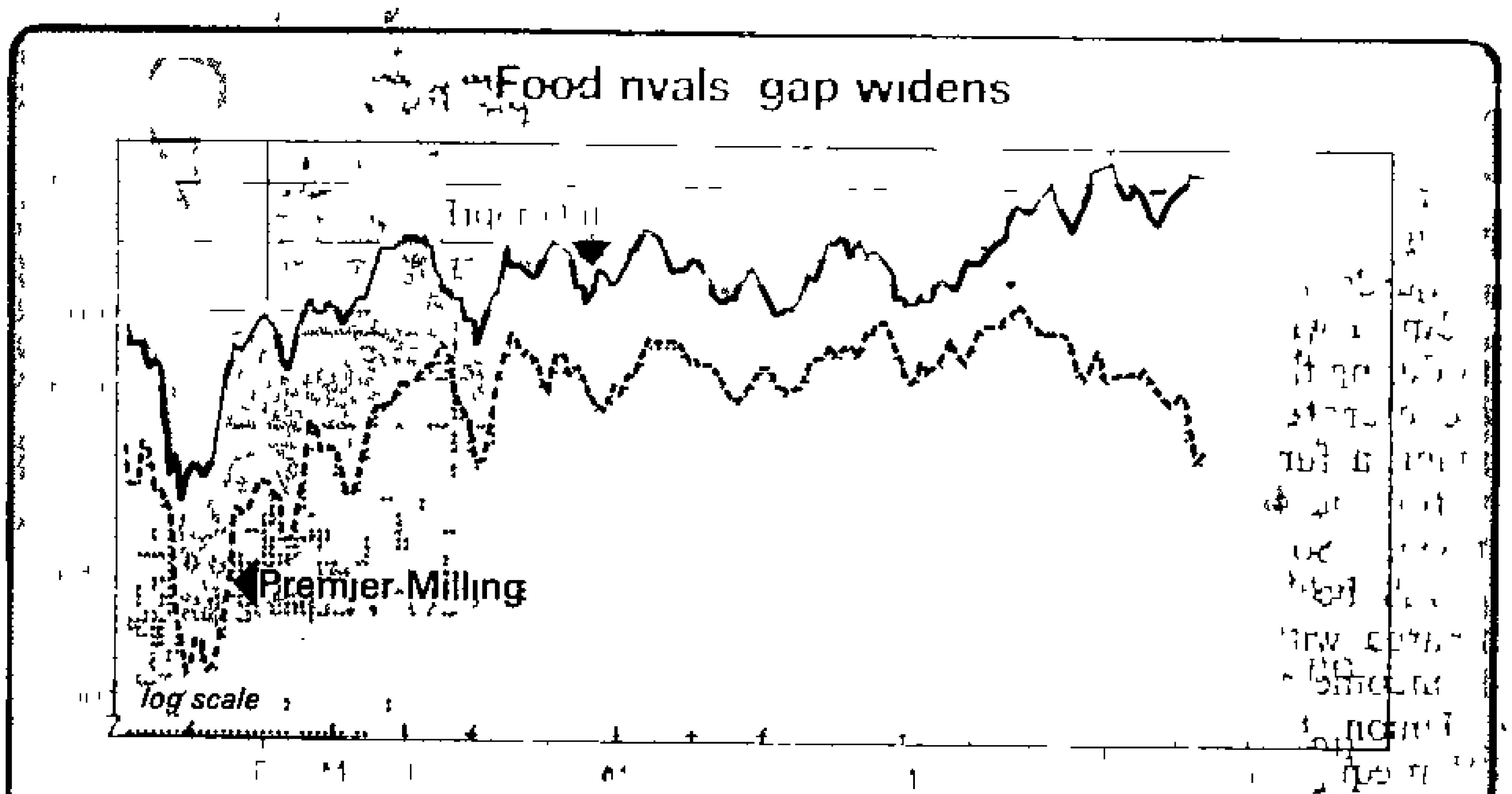
A major reason for the relatively poor profit performance in recent years has been the inability to make money out of poultry, an area where it has expanded rapidly Animal feeds and poultry are lumped together in one division and the pre-tax contribution has fallen from R4m in 1976, to R3,2m, and for the year just completed it managed only R923 000. To prevent many of the poultry operations from running at losses, the group must be under-invoicing the cost of feed from its production plants.

Chairman Joe Bloom is expecting more stable conditions to prevail in this area during the current year, though an improvement here could be to some extent offset by lower realisations in the export market for maize. But, overall, he is optimistic that modest growth will be achieved

Gross margins at Premier declined sharply from 7,5% to 6,7%. While a strong 20% turnover growth was achieved, pre-tax earnings made no headway and remained static at R34m.

In comparing both Tiger's and Premier's accounts, one is left with the impression that Premier had to struggle to show a marginal increase in eps, while Tiger has kept rather more in reserve. Premier has included share dealing profits from the Stein Bros sortie as an above the line item and makes full use of its investment allowances to keep the disclosed tax rate down at 35%. Tiger, on the other hand, spreads its allowances by making transfers to a tax equalisation reserve and also knocked its profits by providing excess depreciation even though it earned the accounts a qualification

Tiger's earnings include some fishing profits, which cannot be accorded the same multiple as food earnings. Ignoring these earnings completely, Tiger is still selling on a lower PE ratio than Premier The conclusion must still be that Tiger is cheaper than Premier But there is no



FM 16/6/78

# FEDFOOD BUYS RUTO

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*"Speculation that Ruto could now present an ideal vehicle for Marine Products to expand its food interests is firmly denied at FVB headquarters"* — *Fox* September 23 1977.

**But plans** change and now Fedfood is buying Ruto, the largest independent wheat, maize miller and bakery in SA, and paying R6,375m for a 51% stake This is R2,425m less than Tiger Oats offered for a 51% stake, 15 months ago. But Tiger's offer, which included directors' loan accounts, was subject to the approval of the Wheat Board, and when this was refused the deal fell through In the meantime Ruto's profits have fallen.

This time the deal will be structured differently, through a holding company, and the greater proportion of the R6,375m consideration is to be Fedfood shares, with the remainder as cash Tiger was offering 690 000 R1 compulsory convertible prefs at 860c, renounceable to the Old Mutual. The remaining consideration of R2,9m was to be settled in cash, or indirectly by the issue of securities, for which a cash buyer would be found by Tiger Oats.

With the biggest contender safely out of the way Fedfood was able to go in and investigate Ruto thoroughly. Its offer, which has been accepted by the Rutowitz brothers, is also subject to the Wheat Board's approval, but there should not be any difficulty as Fedfood has only minor wheat milling interests, and does not present any monopoly threat.

Ruto is highly geared, and recently undertook an intensive capital expenditure programme. Its main problem is that it has outgrown its capital base, which needs strengthening — hence the deal

I understand that the consideration to be paid will in time be put straight back into Ruto to enlarge the base Fedfood will match, and even exceed, the amount put in by the Rutowitz brothers, probably to the total tune of about R9m. So although control will change hands, the brothers will still retain a considerable interest in the business Management is not expected to change, and Reuben Rutowitz will be the first chairman of the enlarged group.

Ruto will not make "any material difference to Fedfood's earnings in the current year, nor will the acquisition greatly affect our gearing," says Fedfood's managing director Johan Louw. Full details of the deal should be released shortly, but discussion continues on what form the capital injection into Ruto will take, and whether it will involve a rights issue to Fedfood holders At this stage this looks the most likely answer.

Meanwhile Fedfood is concentrating on consolidating its recent purchase of Simba Quix, and is aiming to get its newly acquired assets working well, before thinking of diversifying further. The long-term impetus given to the changing group by this latest deal should boost the price from its pre-suspension level of 235c, when it is re-listed, and help consolidate its rerating

*Gail Pemberton*

# The Tongaat Group Limited

Rapport 18/6/78

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TONGAAT

## Voorsittersrede

*Mnr C J Saunders, Voorsitter*

**Oorsig oor die 1977/78-jaar**

Dit is vir my 'n genoeë om aandeelhouers mee te deel dat die Groep vir die negende agtereenvolgende jaar rekord-resultate, -winste en -verdienste per aandeel behaal het Die omset van die Groep het met nagenoeg R15 miljoen tot R160 miljoen vermeerder, terwyl die gekonsolideerde wins na belasting tot R10 760 000 vermeerder het Verdienste per aandeel het met 3,4 sent per aandeel tot 65,2 sent per aandeel vermeerder Die behaling van nuwe rekords onder die moeilike omstandighede wat die Groep die hoof moes bied, strek die bestuur inderdaad tot eer en bewys weereens dat die diversifikasiebeleid van belegging in antisikliese nywerhede wat gedurende die afgelope jare nagestreef is, geregverdig is

Die suikerafdeling het uitmuntende resultate gelewer en die wins van die afdeling het tot R5 731 000 vermeerder Die wins is op 'n rekordproduksiepeil behaal, tesame met 'n vermeerderde aandeel van die totale nywerheidsuikerproduksie Ongelukkig is die korttermynvooruitsigte vir die nywerheid maar droef weens die bedrukte wêreldpryse asook die rekordproduksiepeile tesame met die groot voorrade wat deur uitvoerlande gehou word Die Nywerheid bevind hom nou in 'n posisie waar geraamde inkomste uit uitvoerverkope onder die nuwe Internasionale Suikerooreenkoms plus binnelandse verkope teen heersende pryse ontoereikend sal wees om die koste en die beskeie rendement op kapitaal wat deur die Regering toegelaat word, te dek, en waar die 'Prysstabilisasiefonds' waarskynlik 'n nadelige saldo aan die einde van die huidige seisoen sal toon Die saldo van die Fonds het aan die einde van die 1977/78-seisoen op slegs R9,6 miljoen te staan gekom, vergelyke met R94 miljoen drie jaar gelede Hierdie saldo sal vanjaar heeltemal opgebruik word en daar is tans tekens dat daar 'n aansienlike tekort in totale nywerheidsrendement sal wees Dit is 'n aanvaarde feit dat 'n mate van sikliese elemente in wêreldpryse onvermydelik is, en dat die binnelandse prys noodsaaklikerwys op 'n peil toegespits moet wees wat 'n bestendige grondslag van inkomste vir die Nywerheid sal verskaf sodat die Prysstabilisasiefonds sy oorspronklike doel kan vervul.

Gedurende die afgelope tien jaar het die Suikernywerheid 'n wesenlike bydrae tot die betalingsbalans van Suid-Afrika gelewer deur die uitvoerder te word van een van die grootste enkele produkte wat buitelandse valuta kan verdien Trouens, suiker, het een van die hoofprodusente van buitelandse valuta geword en het gedurende die afgelope ses jaar R1 000 miljoen verdien

Soos reeds vermeld, was daar in die afgelope vyf jaar by gebrek aan 'n doeltreffende Internasionale Suikerooreenkoms van 1973 tot 1978, ernstige ontwrigting en geweldige prysskommelinge. Hopelik is hierdie toestande net tydelik en na verwagting sal die nuwe Internasionale Suikerooreenkoms wat op 1 Januarie 1978 goedgekeur is, binne die volgende twee jaar orde en bestendigheid binne die wêreldmark herstel Intussen moet alle suikeruitvoerlande verwag om 'n moeilike tydperk van strawwe finansiële druk deur te maak.

Die Nywerheid het 'n uitvoerpotensieel van eenmiljoen ton suiker per jaar In teenstelling met die algemene mening dat die uitvoermark altyd 'n dumpplek is vir goedkoop suiker, is dit nodig om te beklemtoon dat suiker wat op die Suid-Afrikaanse plaaslike mark verkoop word, nog altyd onder die goedkoopste in die wêreld is en dat die uitvoermark vir Suid-Afrikaanse suiker derhalwe goedkoop suiker vir Suid-Afrikaanse verbruikers gesubsidieer het Hierdie bewering word gestaaf deur die feit dat die netto rendement vir suiker deur Suid-Afrika in die uitvoermark verkoop, sedert die einde van die Tweede Wêreldoorlog gedurende minstens 20 uit die afgelope 33 jaar hoër was is die netto wins wat deur die Regering toegelaat word op suiker in die binnelandse mark verkoop

Die Nywerheid is gebonde aan langtermynbeleggings en kontrakte met belangrike invoerlande, en as hy sy posisie as die vyfde grootste suikeruitvoerland in die wêreld wil handhaaf, is dit nodig dat die binnelandse mark sy bydrae moet lewer tot die ekonomiese lewensvatbaarheid van hierdie belangrike landboubedryf wat een van die steunpilare van die nasionale ekonomie is.

Die Boumateriaalafdeling het gedurende die jaar sy bydrae tot Groepsverdienste effens verbeter en myns insiens strek hierdie prestasie tot lof van die veelsydige en vindingryke benadering wat die bestuur getoon het ten opsigte van die veranderinge wat hy in die mark ondervind het Die veranderinge wat die afgelope twee jaar in die steenmark plaasgevind het, is verreikend deurdat die gebruiklike hoë persentasie steenprodukte wat in woonhuise vir blankes geabsorbeer word, wesenlik afgeneem het Hierdie afname in vraag, is verskerp deur die daling in immigrasie wat deur die jare heen 'n belangrike faktor in nuwe behuising beteken het Die uitwerking van hierdie veranderinge is nou deur die steennywerheid geabsorbeer en toestande sal vermoedelik nie wesenlik verder versleg nie Na verwagting sal vraag binne die bounywerheid 'n oplewing toon, maar dit sal in nuwe sektore soos goedkoop behuising verplaas word en die Boumateriaalafdeling het planne beraam om hom by die veranderende omstandighede aan te pas

Die verkryging van 'n belang van 33 persent in Primrose Industrial Holdings Limited, wat 'n belangrike deurdringing deur die Groep in die Transvaalse gebied, met sy konsentrasie van konstruksie- en boubedrywighede verteenwoordig, beteken dat die Groep sterk op alle markgebiede verteenwoordig word en voordeel sal trek uit verhoogde plaaslike vraag wat in enige deel van die land kan ontstaan Daar is deur Primrose aangekondig dat hulle, tesame met Coronation Industrials Limited, ondersoek instel in die moontlikheid om die bedrywighede van die twee Groepe, òf in die geheel òf gedeeltelik saam te smelt, ten einde bedryfsbesparings vir die wedersydse voordeel van aandeelhouers en die bounywerheid tot die uiterste te vergroot

Terwyl die Tekstielafdeling nie daarin geslaag het om sy winsprestasie van die vorige jaar te ewenaar nie, is sy resultate verblydend en lofwaardig as 'n mens die uiters moeilike toestande wat in die tekstielnywerheid ondervind is, in aanmerking neem Die verkryging van Prilla Mills in Pietermaritzburg gedurende die jaar het die reeks van die Afdeling vergroot en sy vermoë om by wisselende klantbehoeftes aan te pas, versterk. Ondanks die probleme van die nywerheid, beskou ek dit as 'n gebied wat wesenlik lonend kan wees vir dinamiese en aggressiewe bestuurspanne, en ek is van mening dat die nywerheid in die jare wat voorlê, nog steeds geleenthede vir groei in verdienste sal bied

Die Voedsel- en Voerafdeling se winsbydrae het wesenlik verbeter, hoofsaaklik te danke aan die sukses van die Sampioenbedryf in die binnelandse- sowel as die uitvoermark Verbeterde winste is ook deur die Voermaatskappye behaal as gevolg van produkontwikkeling en kapitaalbeleggings wat in vorige jare onderneem is. Ongelukkig het die eiernywerheid as gevolg van reusesurplusse gedurende die jaar gely en die bedryf kon nie 'n wins behaal nie Myns insiens is die posisie binne die eiernywerheid nou so ernstig dat stappe deur alle betrokkenes gedoen moet word ten einde sy toekomstige bestendigheid te verseker.

United Electronics en Trivetts het 'n goeie jaar beleef Laasgenoemde het 'n winsvermeerdering van 30 persent getoon ten spyte van die bedrukte toestande wat in dele van die elektrotegniese ingenieursbedryf geheers het Hierdie afdeling is goed daaraan toe om uit te brei en die geleenthede wat in sy bedryfsveld bestaan, te benut en ek het die vertroue dat sy bydrae tot Groepswinste in die jare wat voorlê, wesenlik sal vermeerder

Gedetailleerde verslae oor die prestasies en die bydraes deur elke afdeling tot die Groep gelewer, word elders in hierdie Jaarverslag verskaf

**Finansiële Doelstellinge en Doelwitte van die Groep.**

Die Groep het 'n benydenswaardige rekord van groei in verdienste oor die afgelope 5 jaar behaal en beskik, ten spyte van die betreklik beskeie vermeerdering in 1977/78 getoon, oor die strukturele en finansiële potensieel om deur die tydsbestrek van sy vooruitbeplanning heen tot 1982 'n gemiddelde vergelykbare groeikoers te handhaaf Die verwesenliking van hierdie potensieel binne daardie tydsbestrek hang in 'n groot mate af van die beperkings wat deur die toestand van die ekonomie en politieke verwikkelinge op die Groep gelê word

Die uitbreiding van die Groep ten einde sy groeipotensieel te bereik, sal noodwendig tot gevolg hê dat die Groep bestaande besighede verkry en na nuwe bedryfsgebiede uitbrei Dit is derhalwe toepaslik om verkrygings teen die Groep se beweerde beleggingsmaatstawwe in oënskou te neem, en veral die doelwit van 'n rendement van 14 persent na belasting op 'n belegging in gedagte te hou In die heersende ekonomiese toestande is dit nie buitengewoon dat die netto batewaarde van die verkreë besigheid die prys wat daarvoor betaal is, oorskry nie In sodanige gevalle sal dit die Groep se beleid wees om die nuwe belegging waarop die rendement bepaal moet word, te beskou as die totaal van sy koste aan ons, tesame met die totale rentedraende skuld van die verkreë besigheid In die geval van nuwe kapitaalprojekte deur die Groep onderneem, bly die rendementsmaatstaf 'n minimum van 14 persent na belasting

Ons glo nie dat dit verstandig is om die beperkings wat ons lang- en korttermynlenings opgelê is, in verhouding tot kapitaal aangewend te hersien nie, alhoewel sodanige lenings tot hoër peile as dié wat in die verlede ondervind is, sal toeneem Ons verwag egter om die posisie te kan handhaaf waar die totale rentedraende skuld van die Groep tussen 30 persent en 33 persent van die totale aangewende kapitaal wissel

In my verslag verlede jaar het ek verwys na die voortgaande program wat die Groep nastreef, nl die verbetering van die globale rendement op aangewende kapitaal, en ek is in die omstandighede besonder verheug om aandeelhouers mee te deel dat verdere vordering in hierdie opsig plaasgevind het. Daar is nog steeds die geleentheid vir verbetering en die program sal voortgesit word

**Arbeidsbetrekkinge**

Die Groep is bewus van die behoefte wat in Suid-Afrika bestaan om spoediger in die rigting van die uitskakeling van diskriminasie weens kleur te beweeg, en is besig om die verskillende diskriminerende maatreëls wat nog steeds in sy bedrywighede bestaan, te hersien Hierdie maatreëls sal geëvalueer word met die oog op die statutêre beperkings en behoeftes van die land en waar die voortbestaan van sodanige praktyke nie verpligtend is nie, sal die Groep die nodige stappe doen om sodanige diskriminasie te verminder en uit te skakel.

Die noodsaaklikheid om die verskil in lone wat aan Swartes, Indiërs, Kleurlinge en Blankes betaal word, te verwyder, is erken en die Groep het die Paterson-werkevalueringstelsel ingestel Kragtens hierdie stelsel word die vergoeding van enige bepaalde persoon neergelê deur die besluitnemende bedrywighede wat met sy betrekking gepaard gaan Die diensvoorwaardes en besoldiging van elke werknemer in hierdie Groep sal dus verband hou net die toepaslike Paterson-graad en sal nie afhanklik wees van ras nie, en die werkgeleenthede en potensieel vir bevordering binne die Groep sal slegs onderworpe wees aan die vermoëns van die betrokke persoon

Hierdie ontwikkelinge, ofskoon hulle in sigself van belang is, sal nie noodwendig al die probleme van diskriminasie wat deel is van enige hedendaagse Suid-Afrikaanse nywerheidsituasie uitskakel nie, maar hulle sal heelwat bereik om 'n basiese struktuur te skep wat die Groep in staat sal stel om sy verpligting t o.v. die verwydering van diskriminasie, veral dié wat op ras gegrond is, na te kom

**Toekomsvooruitsigte**

Ons bevind ons reeds binne die 1978/79-jaar en die eerste tekens van die langverwagte ekonomiese herstel kan waargeneem word Myns insiens is dit onrealisties om te verwag dat groei in die Bruto Nasionale Produk meer as net effens beter as 1977/78 sal wees en inderdaad, as 'n mens die rekordlandbouseisoen van verlede jaar in gedagte hou, sal ander sektore van die ekonomie besonder goef moet presteer indien die land beskeie globale groei wil behaal Binne hierdie toestande sal die Groep daadwerklik nuwe besigheidsgeleenthede soek met die nastrewing van die doelwitte wat ons vir onsself gestel het Ons verwag dat die verkryging van Primrose sal help om vir die moontlike verlies van verdienste hierdie seisoen in die Suikerafdeling te vergoed, en ons streef daarna om verdienste per aandeel soortgelyk aan dié van verlede jaar te behaal

**Direksie en Personeel**

Gedurende die jaar is mnr W J Héfer gevra om die vakature in die Direksie wat gevolg het op die bedanking van mnr D B Hoffe, te vul Mnr E S C Garner is as Finansiële Direkteur van die Groep aangestel

Die moeilike jaar wat deur die Groep beleef is, het die bestuur en personeel swaar belas en ek wil graag die geleentheid te baat neem om my dank aan hulle almal te betuig en ook aan my kollegas in die Direksie vir die getrouheid, bekwaamheid en toewyding wat hulle die afgelope jaar aan die Groep getoon het

C J Saunders, Voorsitter
Maidstone, Natal
26 Mei 1978

| Vergelykende Hoogtepunte | 1978 | 1977 | 1976 |
|---|---|---|---|
| Gekonsolideerdè wins na belasting (R000) | 10 760 | 10 201 | 8 451 |
| Verdienste per gewone aandeel (sent) | 65,2 | 61,8 | 51,1 |
| Dividende per gewone aandeel (sent) | 25,0 | 24,0 | 20,0 |
| Totale bates (R000) | 207 004 | 197 384 | 174 720 |
| Gewone aandele uitgereik (000) | 16 331 | 16 304 | 16 301 |
| Boekwaarde per aandeel (sent) | 742 | 696 | 669 |
| Omset (R000) | 160 061 | 145 237 | 116 287 |
| Getal werknemers | 16 716 | 17 715 | 18 174 |

When it rains in large ... dormitories are at
ground ... en
who li ... nd
on whi
provid ... in
any ev ... may
be not
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ABLUTI

Abluti ... ing
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There
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Toilet ... hat
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necess ... p.26)

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Sake-Rapport — RAPPORT, 18 Junie 1978 — 3

# TONGAAT STEUN OP PRIMROSE

**UITBREIDING van die Tongaatgroep om sy groeipotensiaal te bereik „sal onvermydelik die oorname van bestaande ondernemings meebring asook uitbreiding in nuwe gebiede van bedrywigheid", sê die voorsitter, mnr. Chris Saunders in die jaarverslag wat gister bekend gestel is.**

Ondanks die — soos mnr. Saunders dit noem — „betreklik beskeie" groei van 5,5 persent in verdienste per aandeel in die jaar tot Maart, het Tongaat deur 'n kombinasie van diversifikasie en die uitbreiding van bestaande belange, sy verdienste per aandeel teen 'n gemiddelde saamgestelde koers van 22 persent oor die afgelope vyf jaar opgestoot van 30,1c vir die jaar tot Maart 1974 tot 65,2c in die pas afgelope jaar.

Mnr. Saunders sê Tongaat „het die strukturele en finansiële potensiaal om 'n vergelykbare groeikoers te handhaaf oor die hele omvang van sy beplanningspektrum tot 1982".

Hy waarsku aandeelhouers dat die verwesenliking van dié potensiaal binne die 1982-tydskaal „in 'n groot mate afhang van die beperkings wat deur die toestand van die ekonomie en deur politieke ontwikkelinge op die groep geplaas word."

Oor die huidige jaar sê hy: „Ons verwag dat die verkryging van Primrose vir die verlies aan verdienste wat waarskynlik hierdie seisoen in die suikerafdeling ondervind sal word, sal help vergoed en ons beoog om 'n verdienste per aandeel te behaal wat soortgelyk is aan dié van verlede jaar."

Mnr. Saunders sê dat dit die negende agtereenvolgende jaar van 'n rekordomset- en -wins en verdienste per aandeel is en dat verdere vordering gemaak is met die program om die totale opbrengs op die kapitaal wat aangewend is, te verbeter.

Die jaarverslag toon dat die opbrengs op totale kapitaal tot 8,5 persent gestyg het, terwyl dit die vorige jaar 8,1 persent was en 7,0 persent in 1976, toe met die program begin is.

'n Ontleding van die jaarverslae toon dat streng beheer uitgeoefen word op sleutelverhoudings. Die totale lenings, teen R49,5 miljoen, vorm 26,9 persent van die totale kapitaal wat aangewend is.

Die langtermynkomponent van lenings is uitgebrei deur die vergroting van netto nuwe langtermynfondse met R14,3 miljoen en die terugbetaling in die jaar van R7 miljoen aan korttermynfinansiering.

Die kontantvloei uit handelsbedrywighede het met 8,4 persent gestyg tot R18,8 miljoen. Dit het tot gevolg gehad dat die huidige verhouding gestyg het, van 1,26:1 tot 1,78:1 terwyl die enge likwiditeitsverhouding 'n verbetering getoon het van 0,63:1 na 0,79:1.

Die strewe na doeltreffendheid op alle vlakke in die groep word weerspieël in die saamgestelde styging van 20 persent in die omset per werknemer die afgelope vyf jaar en die vergelykbare jaarlikse styging van 18,5 persent in wins voor belasting per werknemer. In die jaar tot Maart is rekords behaal in albei kategorieë — R9 575 vir omset en R795 vir wins.

'n Stelsel vir posevaluering is in alle afdelings van Tongaat ingestel sodat vergoeding in verband gebring kan word met die besluitnemingsaktiwiteite inherent aan elke pos. Op dié manier is werkgeleenthede en potensiaal vir vordering alleen afhanklik van die vermoëns van elke individu en sal bevordering vry wees van enige vorm van diskriminasie — veral op grond van ras, sê mnr. Saunders.

There ... . Most showers have hoses,
but ve ... (See photograph, page 21).

The ab ... hat they do have are cold
water ... oor. If the tap is in the
shower ... the floor remains wet until
it drie ... concrete and have no form
of cove ... locks are lit by bare electric
bulbs. ... gloomy.

POST OF

The Pos ... or their employees. These
are all ... er bunks. Somewhat strangely
all the

The con ... but as uncomfortable as they
are, it is doubtful whether the men would prefer the large dormitories. The cubic air space per man is 192 cubic feet. This is 208 cubic feet less than the minimum set down by statute.

REPORT ON STATISTICAL DATA:

The beds in the dormitories are all two-tier.
two i.e. four men sleep in a group together.
between the beds.
The men fairly frequently place divisions betw
two double decker beds. Using cardboard prim
dormitories into 'pondoks'. No. 62 and 68 fc
vided up so that the dormitory was a whole ser
plete with cardboard door. This they do mair
privacy and to keep out the wind.

The only beds listed as unoccupied were those
unoccupied. There are unquestionably a lot m
but it is difficult to be accurate because the
Empty beds are often used for clothes or other
to the men using beds next to the unoccupied b
difficult to judge whether the scrap... n the
of a very poor
top bunks which

There are three
returned to the
the middle of th
week. Secondly
hostels in the Z
popular. Finally
in-married quart

## IMPE... COLD STORAGE

## Dividend policy? (186)

F M 23/6/78

**Activities:** *Processes and distributes perishable foods on a national basis Major shareholders are Old Mutual (17%), Common Fund (17%) and Tiger Oats (14%)*

**Chairman and managing director:** *W H Neate*

**Capital structure:** *23,7m ordinaries of 25c, 500 000 5,5% cum prefs of R2 Market capitalisation R45m*

**Financial:** *Year to February 28 1978 Borrowings long and medium term, R23,7m, net short term, R2,6m Debt equity ratio 50% Current ratio 1,5 Group cash flow R18,3m Capital commitments R17m*

**Share market:** *Price 190c (1977-78 high, 205c, low, 142c, trading volume last quarter, 107 000 shares) Yields 21,5% on earnings, 6,8% on dividend Cover 3,1 PE ratio 4,6*

| | '75 | '76 | '77 | '78 |
|---|---|---|---|---|
| Return on cap % | 14 7 | 17 9 | 17 9 | 18 8 |
| Turnover (Rm) | 264 | 339 | 397 | 446 |
| Gross profit (Rm) | 11 7 | 16 4 | 18 9 | 21 7 |
| Gross margin % | 4 4 | 4 8 | 4 8 | 4 9 |
| Earnings (c) | 26 4 | 34 0 | 35 1 | 40 9 |
| Dividends (c) | 10 3 | 11 5 | 12,0 | 13 0 |
| Net asset value (c) | 220 | 242 | 263 | 293 |

**Despite trading** conditions that have invariably been described as difficult in recent years, the record is impeccable. Gross margins have been maintained for the last three trading periods and return on capital has actually improved Earnings have grown at 16% compound over the past four years while a growing cover is the reason for the slower 8,5% growth in dividend payout

Earnings are calculated at 37c in the annual report but this is after knocking off R1,1m of goodwill above the line Ignoring this charge, earnings are 40,9c, while if the retained portion of associates' profits (which includes Bull Brand) are added, earnings are 44,9c The turnaround in Bull Brand from losses to a modest profit was mainly responsible for the much improved overall performance of associates. The attributable net assets of these associates is now R9,7m (equivalent of 41c a share) and the return on equity is up from 11% to 16%.

Heavy capital expenditure is planned this year with total commitments of R17m A new wholesale meat packing plant at City Deep is expected to come on stream early in 1979 and a new abattoir at Cato Ridge will open later that year At the current level of retained cash flow, these developments should not substantially alter the debt ratio, currently at 50%

This is comfortable gearing against such high quality earnings. Interest payments absorb 17% of gross profit.

Over the past year R15m was spent on fixed assets and yet the debt ratio reduced marginally At the same time, the current ratio was kept at above 1,5. If ICS can continue investing at the current rate of return on capital, and find sufficient investment opportunities to maintain the current debt ratio, bottom line earnings should continue to grow at the 16% compound growth rate achieved over the last four years.

There would seem little doubt that opportunities will present themselves. Such growth would be most satisfactory, but what shareholders need is a statement on dividend policy Cover is now effectively 3,5 times and has been rising steadily Shareholders need to know whether dividends will keep pace with earnings in the future or not.

An expected flow of dividends growing at 16% rather than 8,5% has important implications for the share price. Because of the increasing cover, ICS has underperformed the index over the past year.

But the fundamentals of the group are rock hard Although the starting yield of 6,8% at current prices is well below the industrial average it is not expensive in the context of the food sector. The record and prospects are more exciting than the conservative image of the company might convey At these levels it rates a buy

*Richard Stuart*

paced out. All the dormi-
e 12' wide. The 'ceiling'
ith the exception of No. 68
's and No. 68's was broken

s they are covered by a very
hable from the concrete itself,
and often worn and patchy. The only reasonable covering at present are thin square coloured rubber tiles, and these for the colour and cleanliness rather than the heat. Many men have found shabby scraps of old carpet or

E KOSREUS

Rapport 25/6/78 (186)

# Fedfood trek by R250 milj.

Deur DAVID MEADES

**FEDERALE Voedsel (Fedfood), voedselarm van Federale Volksbeleggings (FVB), het nou binne 'n jaar gegroei van 'n maatskappy met 'n omset van R50 miljoen tot 'n reus met 'n omset van sowat R250 miljoen per jaar.**

***Dit is een van die uitvloeisels van die belang van 51 persent wat Fedfood in die meulenaarsgroep van Pretoria, Ruto, gekry het. Terselfdertyd is die stadium nou bereik waar graanverwerking vir 'n groter deel van die maatskappy se inkomste verantwoordelik gaan wees as vis.***

Fedfood het natuurlik uit die ou Marine Products gegroei. Marine Products se naam is in Fedfood verander en daarna het hy Bechmalt Holdings by FVB oorgeneem en aan die einde van verlede jaar vir Simba.

Dit is egter die verkryging van die groot belang in Ruto wat die kroon op die Federale Groep se sterk diversifikasie in voedsel span.

Fedfood het nou die eerste keer 'n betekenisvolle belang in die graanmeulenaarsbedryf. Ná Ruto het hy nou 'n belang van 12 persent in die koringmaalbedryf, wat minstens so groot is as Tiger Oats se belang, en 'n belang van minstens 10 persent in die mieliemaalbedryf.

Ná die oorname van Simba en die verkryging van die beherende belang in Ruto, kan aangeneem word dat Fedfood nou vir eers klaar met hierdie soort uitbreiding is.

Die volgende jaar of wat sal gekenmerk word deur 'n program van rasionalisasie en die uitbreiding van die bestaande belange.

Maar dit moet duidelik wees dat die grootste klem op die groep se meulenaarsbedrywighede gaan val. En hier kan daar in die toekoms groot uitbreiding verwag word.

Die beherende belang in Ruto is vir 'n bedrag van R6 375 000 by die Rutowitz-broers, Reuben en Isaac, verkry. Hulle hou steeds 49 persent van Ruto en mnr. Reuben Rutowitz word voorsitter en uitvoerende direkteur van Ruto en gaan ook 'n direkteur van Fedfood word.

Terselfdertyd is dit ook 'n voorwaarde van die transaksie dat die Rutowitz-belange die grootste deel van die vergoeding wat hulle ontvang, as bedryfskapitaal terug in Ruto sal pomp. Fedfood sal op sy beurt ook 'n ooreenstemmende bedrag volgens sy aandeelbelang inpomp.

Fedfood het Ruto teen 'n heelwat kleiner bedrag oorgeneem as wat Tiger Oats verlede jaar aangebied het. Tiger se aanbod was R8,8 miljoen vir 'n belang van 51 persent. Dit is egter deur die Koring-

**Vervolg op bl. 3, kol 1.**

MNR. JOHAN LOUW, besturende direkteur van Federale Voedsel, wat nou die stadium bereik waar hy sy stem kan begin dik maak vir sulke groepe soos Premier Milling en Tiger Oats

## FEDFOOD HET VIR GROTES

Vervolg van bl. 1

raad afgekeur op grond daarvan dat dit weens 'n moontlike monopolistiese toestand nie in die algemene belang sou wees nie.

Maar dan het die winsgewendheid van Ruto en die meulenaarsbedryf in die algemeen sedertdien ernstig verswak. Die opheffing van die subsidie op wit brood het 'n baie sterk swaai tot bruin brood tot gevolg gehad. Daar word gesê dat die verhouding feitlik omgekeer is. Dit het beteken dat die meulbedrywighede en dus die omset sterk benadeel is.

### Sterk bydrae

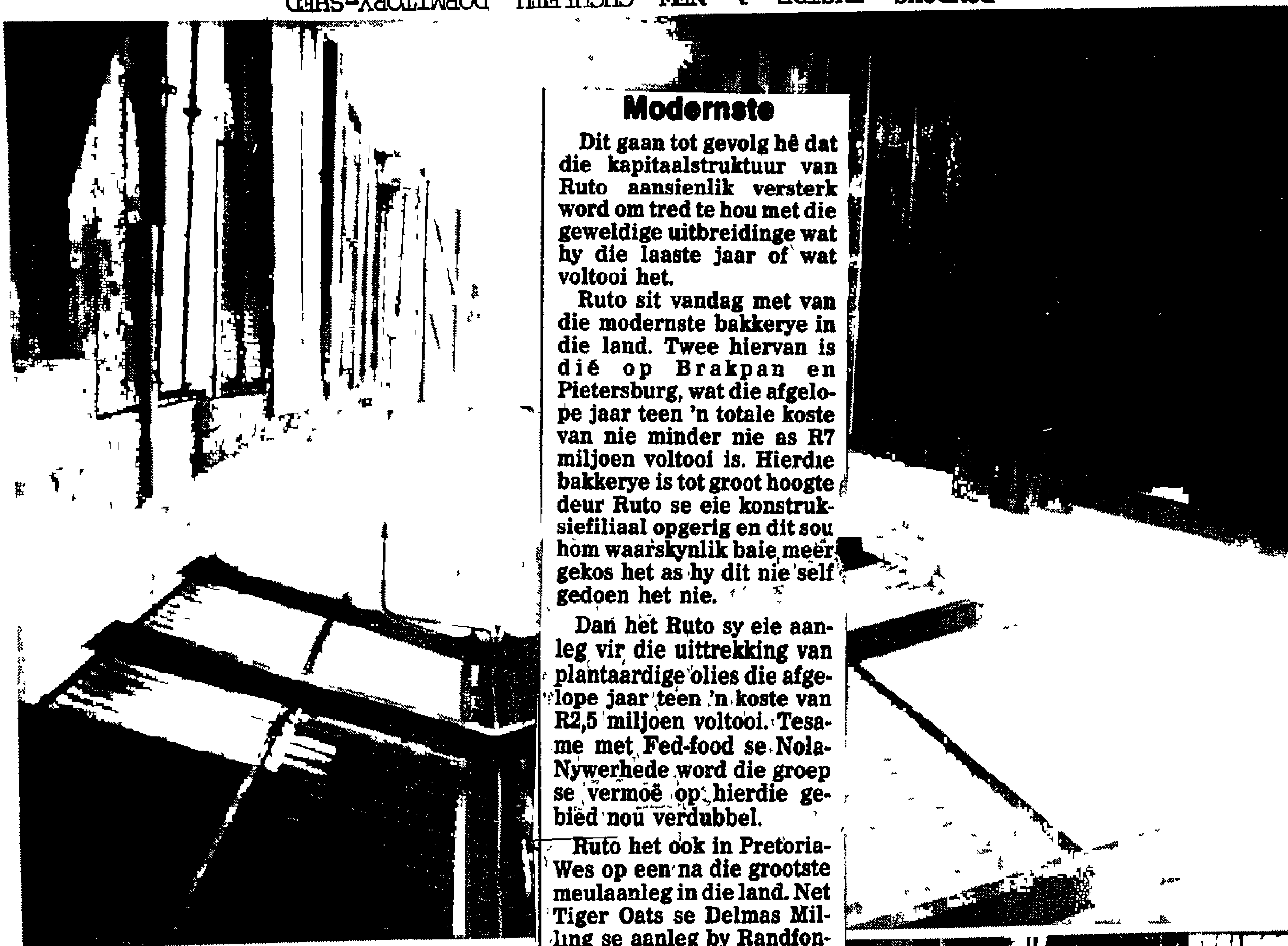
Met die veldtog teen inflasie moes die bedryf sekere kostes self absorbeer en is sy winsgrense verlaag. En dan was daar ook die bepaling van owerheidskant oor die aantal brode per sak meel, wat 'n negatiewe uitwerking op bakkery-bedrywighede gehad het.

Die bedryf het egter vertoë tot 'n verligting aan die owerheid gerig en die kanse is baie goed dat hier toegewings gemaak kan word, wat die winsgewendheid 'n sterk stoot sal gee.

Dit kan beteken dat Ruto oor die volgende jaar of wat 'n sterk bydrae tot Fedfood se wins sal lewer, wat tot groot mate sal kan vergoed vir die kleiner inkomste wat uit Marine Products se visbedrywighede verwag word.

En dan lyk dit ook of dinge by Simba goed aan die herstel is, terwyl Bechamalt blykbaar ook die meeste van sy probleme uitgestryk het.

PONDOKS INSIDE A NEW GUGULETU DORMITORY-SHED



## Modernste

Dit gaan tot gevolg hê dat die kapitaalstruktuur van Ruto aansienlik versterk word om tred te hou met die geweldige uitbreidinge wat hy die laaste jaar of wat voltooi het.

Ruto sit vandag met van die modernste bakkerye in die land. Twee hiervan is dié op Brakpan en Pietersburg, wat die afgelope jaar teen 'n totale koste van nie minder nie as R7 miljoen voltooi is. Hierdie bakkerye is tot groot hoogte deur Ruto se eie konstruksiefiliaal opgerig en dit sou hom waarskynlik baie meer gekos het as hy dit nie self gedoen het nie.

Dan het Ruto sy eie aanleg vir die uittrekking van plantaardige olies die afgelope jaar teen 'n koste van R2,5 miljoen voltooi. Tesame met Fed-food se Nola-Nywerhede word die groep se vermoë op hierdie gebied nou verdubbel.

Ruto het ook in Pretoria-Wes op een na die grootste meulaanleg in die land. Net Tiger Oats se Delmas Milling se aanleg by Randfontein is groter.

Die besturende direkteur van Fedfood, mnr. Johan Louw, was terloops besturende direkteur van Delmas Milling voordat hy hom by Fedfood aangesluit het.

Fedfood het reeds deur sy filiaal, Nola-Nywerhede, en Bechmalt sterk belange in die meulenaarsbedryf, wat die transaksie met Ruto soveel te meer sinvol maak.

Ruto het reeds nege bakkerye en 'n paar onbenutte bakkery-registrasies. Met die sterker kapitaalgrondslag kan daar aangeneem word dat Ruto hom vorentoe in 'n nog groter mate op die bakkery-toneel gaan laat geld.

INSIDE A NEW GUGULETU DORMITORY-SHED

**CG SMITH SUGAR** FM 30/6/78 (186)

# Projecting the shortfall

**Activities:** *Integrated sugar group with mills at Umzimkulu, Sezela, Illovo, Noodsberg, Gledhow and Pongola and has 24 000 ha under cane on its own estates Owns 42% of C G Smith & Co, 63% of SA Sugar Distributors, and 14% of Crookes Bros.*

**Chairman:** *F R Jones; managing director. R A Norton*

**Capital structure:** *14,9m ordinaries of R1 9,4m variable rate red prefs of R1 Market capitalisation. R74m.*

**Financial:** *Year to March 31 1978. Borrowings long and medium term, R3,6m· Net cash· R10,2m Debt·equity ratio. 4%. Current ratio: 1,1 Net cash flow: R10,2m Capital commitments R11,4m.*

**Share market:** *Price: 500c (1977-78 high, 700c, low, 495c; trading volume last quarter, 107 000 shares) Yields. 20,4% on earnings; 15,2% on dividend Cover· 1,3 PE ratio: 4,9.*

| | '76 | '77 | '78 |
|---|---|---|---|
| Return on cap % | 14,4 | 16,1 | 15,0 |
| Turnover (Rm) | 102 | 111 | 186 |
| Gross profit (Rm) | 20,3 | 21,6 | 26,3 |
| Gross margin % | 19,9 | 19,5 | 14,1 |
| Earnings (c) | 94 | 102 | 101 |
| Dividends (c) | 65 | 75 | 75 |
| Net asset value (c) | 1 006 | 957 | 1 042 |

**After taking** into account this week's increase in the domestic price of sugar, the industry as a whole is still facing a shortfall of about R55m below the amount required to give allowable returns on capital for millers and growers. This figure does not take into account the net cost of stockpiling a planned 140 000 t

As the Stabilisation Fund started the season with R9m, the net shortfall in divisible proceeds will be nearer R46m C G Sugar is planning to produce 35% of the industry's restricted production of 2 Mt this year. On a very rough basis, its share of the shortfall will be R16m.

Trading profit from direct sugar interests was about R18m last year but this was after R3,2m of special one-off charges for unfunded pension fund liabilities and a provision for scrapping plant at the Illovo mill. So direct sugar profits could be down to near R5m pre-tax.

Related activities produced about R3,5m pre-tax and should not suffer the same sort of decline Dividend income last year produced R2,9m but the cut in the C G Smith & Co distribution will knock R850 000 off that and there will probably be a cut in the Crookes contribution, so dividend income should be approximately R2m this year.

Earnings will depend very much on the tax rate. But planned capex of R11,4m on new plant should result in substantial investment allowances, and exporters allowances should also continue to keep the rate low Last year the effective rate on sugar and related earnings was around 36%. Assuming this drops to 30%, after-tax earnings could be in the order of R6m this year Add R2m of dividend income and that gives R8m of earnings before the pref dividend. Net earnings could thus be about 50c a share.

This is probably the low end of the range of forecasts and allows for a 10% average increase in industry costs across the board In addition, export earnings from sugar are worked on the basis of the existing forward sales of a quarter of the crop at R180/t and the balance being sold at slightly less as indicated by current ruling prices for futures

Depreciation last year was R6,5m, equivalent to 45c a share. Capex of R11,4m is planned though this need not necessarily all be incurred in one year. Most of this applies to the Illovo mill, and will be implemented over the next three years.

Given the strong balance sheet which has R19m of net cash (treating sugar stocks as cash) after paying the dividend and repaying short-term borrowings, there is little need for any retentions this year. So all reported earnings are distributable.

What will actually be paid will depend very much on the outlook for the sugar industry worldwide at the time the directors sit down to consider the final dividend next May. But assuming no further deterioration, an annual distribution of 50c, or a 25c cut, is about what shareholders can expect. If the ISA is starting to have the desired effect on world prices by then, this could prove conservative and 60c would then be a better bet. But if the ISA falls apart in the meantime, this would upset all calculations.

Now the shares are ex the final 55c dividend, they have slumped below 500c (before recovering to 505c) on which the prospective, or should we say, hoped for, yield is a fraction over 10%.

For sugar companies earnings to be restored to the level of last year (taking into account the domestic price increase) the world price would have to sustain £50 more than the average of about £110 expected this year. The ISA is designed to produce a minimum price of £144, which, if achieved, would still be insufficient to restore the industry's profits fully

Despite the recent sharp fall in C G Sugar's share price, the uncertainties for sugar worldwide, particularly the high level of world stocks and the expected overproduction of about 6 Mt this year, suggest that it is as yet too early to take a positive view on the shares.

*Richard Stuart*

## TONGAAT

### The stake in Primrose

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**Activities:** *Diversified sugar group which produced 10% of SA's total sugar production last year. Wholly owns Coronation Industrials (brickmakers), David Whitehead (textiles) and has food, property and electrical engineering and electronic interests. Also has a 24,7% interest in Huletts and since the year end, has acquired 33% of Primrose. Anglo American owns 21% of the equity.*

**Chairman:** *C J Saunders, managing director A D Hankinson.*

**Capital structure:** *16,3m ordinaries of R1. 1,5m cum red prefs of R1. Market capitalisation R50,6m.*

**Financial:** *Year to March 31 1978. Borrowings long and medium term R41,4m, net short term, R7,1m. Debt equity ratio 38,0%. Current ratio 1,8. Net cash flow R3,1m. Capital commitments R2,5m.*

**Share market** *Price 310c (1977-78 high, 320c, low, 210c, trading volume last quarter, 364 000 shares). Yields. 20,3% on earnings, 7,7% on dividend. Cover 2,6. PE ratio 4,9.*

Divisional contributions to pre-interest taxed earnings

| R000 | 1977 | % | 1978 | % |
|---|---|---|---|---|
| Sugar | 3 916 | 29 | 5 731 | 40 |
| Building materials | 2 197 | 16 | 2 277 | 16 |
| Property/electronics | 810 | 6 | 633 | 4 |
| Feed and food | [illegible]49 | 1 | 1 045 | 7 |
| Investment | 2 603 | 19 | 2 512 | 17 |
| Textile | 3 640 | 26 | 2 224 | 15 |

**First estimates** indicate that Tongaat's share of total sugar production this season will be down from last year's record 10,1% to about 9,3%.

Profits are heavily dependent on industrial share so this could be a bear point. Tongaat was already anticipating reduced sugar profits as a result of restricted production, low domestic and international prices and rising costs.

Tongaat's hope is that the Primrose acquisition will offset the downturn in the sugar division. The 33% stake in Primrose cost about R5m or an average of just over 140c per share. The intention now is to sell Coronation Industrials to Primrose for Primrose paper and thus to increase Tongaat's holding in Primrose to more than 50% to enable consolidation.

| | '75 | *'76 | '77 | '78 |
|---|---|---|---|---|
| Return on cap % | 11,2 | 10,2 | 10,7 | 10,8 |
| Turnover (Rm) | 92,3 | 116,3 | 145,2 | 160,1 |
| Gross profit (Rm) | 11,2 | 10,2 | 10,7 | 10,8 |
| Gross margin % | 12,3 | 12,8 | 11,7 | 11,8 |
| Earnings (c) | 39,1 | [illegible]2,2 | 63,0 | 64,6 |
| Dividends (c) | 17,5 | 20 | 24 | 25 |
| Net asset value (c) | 450 | 668 | 695 | 745 |

*As revalued

Primrose, including Roodepoort Brick, is conservatively expected to earn 15c or R1,0m in the current year, which means Tongaat paid about nine times expected earnings. The earnings yield of 10,7% is below Tongaat's target 14% taxed return on new investment, but rationalisation benefits are presumably expected to make up the difference. Potential here looks limited considering Primrose and Tongaat overlap only in the Cape. But duplicated head office and research and marketing efforts could be eliminated.

While Tongaat's debt:equity ratio is a conservative 39%, the interest bill rose sharply last year, largely negating the 11% improvement in gross profit. Pre-lease gross profits cover the interest and leasing bill a rather slender 3,25 (3,7) times. Interest and leasing at R5,8m are now costing more than last year's record R5,7m contribution from sugar. The average interest paid was 11,4% (10,6%).

The 24,7% stake in Huletts last year contributed R2,3m or 12,2% of gross profits. Huletts latest 3c dividend cut should cost Tongaat R227 000 but will actually cost only R151 000, as the year ends do not coincide. It's the longer term prospects that give cause for concern, although the Rhodesian interests have already been deconsolidated. The textile and food divisions look strong.

The tax rate is still low at 17,1% due to pre-acquisition assessed losses carried forward, export allowances and Tongaat's status as farmers. But it is up from 14,2% in 1977 and, with the investment programme slowing down, looks due for a further rise.

Stated policy is a 50% payout and the dividend is covered 2,5 times thanks to the extra depreciation provisions. This should insulate the dividend, if not earnings.

*David Carte*

## MONIS FM 30/6/78
# Fixed interest stock

**Activities:** *The principal subsidiary, United Macaroni, operates wheat and maize mills producing pasta and bread. Holds 1,8m ordinaries and 179 000 8% cum red prefs in SA Breweries. Moni Bros (Pty) holds 79% of the shares.* 186

**Chairman:** *J J Moni.*

**Capital structure:** *2,8m ordinaries of 50c; 60 000 6% cum prefs of R2. Market capitalisation: R6m*

**Financial:** *Year to January 31 1978. Borrowings. long and medium term, R2,8m, net short term, R4m Debt:equity ratio: 69,4%. Current ratio: 1,0. Net cash flow· R1,3m. Capital commitments R1,1m.*

**Share market:** *Price. 215c (1977-78· high, 275c; low, 168c, trading volume last quarter, 2 000 shares). Yields 12,3% on earnings; 5,8% on dividend. Cover. 2,1 PE ratio: 8,1*

| | '75 | '76 | '77 | '78 |
|---|---|---|---|---|
| Return on cap % | 12,1 | 11,7 | 11,1 | 8 4 |
| Turnover (Rm) | 12 8 | 15,2 | 18,9 | 21 4 |
| Pre-tax profit (Rm) | 1 2 | 1 3 | 1 1 | 1 0 |
| Gross margin % | 15 2 | 10,9 | 11,1 | 6 6 |
| Earnings (c) | 30,0 | 33,8 | 29 9 | 26 5 |
| Dividends (c) | 12 5 | 12,5 | 12,5 | 12 5 |
| Net asset value (c) | 343 | 373 | 353 | 348 |

**The biscuit-making** subsidiary, Fino Food Industries, made a heavy loss and was sold during the year Hence an abnormal stock write down of R241 000 was charged against pre-tax profit which was reduced to R979 000 (R1 141 000). Pre-tax profit thus declined by 14%, and attributable profit by 11%, despite a 13% turnover increase.

In addition, a provision of R950 000, treated as an extraordinary item in the accounts, has been made for a loss on the sale of Fino Food Other changes included the acquisition of four new bakeries. Efforts at reorganisation continued and there are plans for disposals to improve the group's structure. The Goodhope bakery was moved to the new Bellville site and wheat silos were completed there.

A substantial capex programme has been launched, and credit facilities have been increased. The balance sheet shows a sharp increase in short and long term debt, short-term borrowings having increased by 62% and long-term borrowings by 50%. The debt.equity ratio is up to 69% (43%). The capital expenditure is required "in order to maintain profitability" and to "ensure future growth." The additional debt is repayable before the end of 1980

Liquidity has been under some pressure and the current ratio has declined to 1,0 (1,2) Interest charges rose 40% and cover has been reduced to 2,1 (3,4). The chairman makes no profit forecast for the current year, but believes the group has "at last attained the situation where we can look forward to an improved return on capital."

The elimination of the loss-making biscuit operation, and the additional bakery outlets, may boost the current year's trading. But the increased interest charges may prove to be a heavy burden if the declining profit trend continues. The shares are tightly held and yield only 5,8%. They hold little short-term attraction.

*Marguerite Christie*

### DATES TO REMEMBER

**Last day to register for dividends:**
**Friday July 7:** Boumat 14c; Blue Circle 5,5c; Crookes 21,5c; Hilsam 4,5c, Huletts 19c; Malbak 12,2c; Met Box 15c, Russell 6c; Safic 4,5c; Saficon 5c; Sterns 5c.
**Meetings:** Tuesday July 4: Coal By-Products, Corobrik (Natal); Howden (S).
**Wednesday July 5:** Bristol Ind; Defy (S); Harrowes; Wellworths
**Thursday July 6:** Afcol
**Friday July 7:** Hilsam.

All meetings in Johannesburg unless otherwise indicated
S = Special meeting

**FEDFOOD** FM 30/6/78 (186)

# Catching Ruto

**Fedfood is issuing** 2m shares at 240c and paying R1,575m cash for Ruto, the largest independent wheat, maize miller and baker in SA, to make a total consideration of R6,375m.

FVB, with 60% of Fedfood, has undertaken to subscribe for 1,5m of these 2m shares, but will offer shares to Fedfood holders. The offer will be 10 Fedfood for every 100 already held at 240c. FVB will also take up any shares that are not subscribed for at the same price It will already be exercising its rights on 900 000 of the 1,5m shares.

Tiger made its offer, of R8,8m to Ruto 15 months ago, to be financed by automatically convertible prefs issued ultimately to Old Mutual. Tiger was criticised for not extending the same offer to its own shareholders. Fedfood has ensured it will not incur the same criticism, and has done the fair and proper thing

The Ruto brothers are in effect receiving R3,6m in cash and 500 000 Fedfood shares for their 51% stake The funds are to be "kept available" to be invested in an issue of Fedfood shares if in due course a rights issue is needed to expand Fedfood's capital base.

The issue of an additional 2m shares will increase Fedfood's issued capital to 17m shares, and should not dilute earnings, although Ruto is not expected to make any material effect to earnings or dividends in the current year

The 240c price was based on the last pre-suspension sale and since the details of the offer have been announced the price has risen to 245c. The deal is a major move into food for Fedfood which, it is worth remembering, was known as Marine Products until September 1977 and was a lowly-rated fishing share That rating, as we have noted before, is being progressively upgraded.

*Gail Pemberton*

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FM 7/7/78

BREAD PRICE

# Brown study

**The price** of brown bread may go up by at least 4c a loaf on October 1 says the grapevine.

Premature, replies the Department of Agriculture Bread prices cannot be fixed until the Wheat Board makes its recommendations on prices early in September, which then have to be considered by the Marketing Council. These will depend, *inter alia*, on the crop estimates In the Western Province where planting



is still in progress, the draught may prove disastrous unless rain fall very soon

Minister of Agriculture Hendrik Schoeman says, "We've got a subsidy till the end of September Then we have to look at the bakers', millers' and farmers' prices"

Whether the extra R20m subsidy, which is to be applied to brown bread will be sufficient to keep prices down Schoeman says, depends on the crop on the land But this cannot be decided till the end of September

The fact is that since the price of white bread was increased last year, consumption patterns have reversed, and more brown is being sold than white This means that the subsidy on brown won't

The brown loaf . . more dough

last as long as was originally anticipated And with the likelihood of a crop failure in the Cape, prospects for holding the present price certainly don't look bright

(186) FM 14/7/78 (2)

## HULETTS
# Strong cash flow

**Activities:** *Sugar group with mills at Darnall, Amatikulu, Felixton, Mount Edgecombe and Empangeni, a refinery in Durban, and 28 000 ha of sugar estates. Owns 100% of Piet Retief Paper Mills and Ngoye Paper Mills and 61% of Huletts Aluminium Also has property, transport, timber and engineering divisions. 50,01% owned by S&T Investments, controlled jointly by CG Smith Investments and Tongaat Group.*

**Chairman:** *C J Saunders; managing director· C van der Pol.*

**Capital structure:** *30,6m ordinaries of R1. 3,3m 6,5% red cum prefs of R1 7m 6% red cum prefs of R2 Market capitalisation· R51,4m*

**Financial:** *Year to March 31 1978. Borrowings. long and medium term, R59,7m, net short term, R9,2m. Debt·equity ratio. 32,9% Current ratio 1,7. Net cash flow. R17,8m. Capital commitments: R7,5m.*

**Share market:** *Price· 168c (1977-78: high, 230c, low, 168c; trading volume last quarter, 431 000 shares). Yields: 25,4% on earnings; 16,7% on dividend. Cover. 1,5. PE ratio. 3,9.*

**Income from** foreign investments fell from R3,4m to R704 000, and this was the main reason for Hulett's drop in earnings But a lower tax rate of 25% (39%) helped to compensate for this shortfall, as did higher earnings from SA activities, up from R13,8m to R15,2m

| | '75 | '76 | '77 | *'78 |
|---|---|---|---|---|
| Return on cap % | n/a | 12 9 | 11 2 | 11 8 |
| Turnover (Rm) | n/a | 248 | 288 | 300 |
| Gross profit (Rm) | n/a | 26 9 | 28 9 | 34,5 |
| % of raw sugar ind prod | 32 9 | 34 5 | 36 3 | 35 0 |
| Earnings, replacement (c) | 53 3 | 51 4 | 45 6 | 42 6 |
| Earnings historic (c) | 58,1 | 63 4 | 61 7 | 56 4 |
| Dividends (c) | 31 0 | 33 0 | 31,0 | 28 0 |
| Net asset value (c) | 366 | 483 | 521 | 548 |

*Foreign investments deconsolidated

Last year's sugar crop was the second largest to be harvested from Hulett's estates. Increased production from other growers caused the 1,3% drop from 36,6% to 35% in Hulett's contribution to the total industry's production, but its pre-tax profits from sugar were up at R20,7m (R19,8m). The 12% increase at the taxed level to R11m (R9,9m) was due to a lower interest bill, as a result of accelerated export receipts and tax allowances

Sugar contributes 69,9% (69,7%) of Huletts R29,6m (R28,4m) of operating income, and 58,9% (60,5%) of earnings Aluminium fabrication makes up 21,7% (19,1%) of operating income at R6,4m, and paper manufacturing is the third largest contributor to income at R1,6m, 5,3% (10,9%) The sugar content is greater than these figures suggest because the investment income is largely sugar based

During the past year R20m (R29,4m) was spent on capital works The expansion of the aluminium division cost R3,3m, reconstruction of a paper mill a further R2,2m and expansion of a sugar mill R1,6m The remainder was spent on normal equipment replacement Much of the additional capacity created by the expansion will be under-utilised Prospects for both the aluminium and paper divisions are far from buoyant, so the heavy cost of servicing the loans raised to finance the expansion programme will eat into profits But Hulamin now has sufficient capacity to meet expected demand 'until the mid-1980s "

The story of sugar is only too well known, and profits from this source could drop dramatically It seems likely that the world sugar price will remain below SA's average cost of production, for the whole of the 1978-79 season, because of the world surplus

The balance sheet remains strong. Borrowings were reduced from R73,8m to R68,9m mainly due to the early receipt of proceeds from sugar exports

Cash flow is slightly lower at R17,8m (R18,2m) Huletts is continuing its policy of additional depreciation and the total depreciation charge is R13,6m (R13,3m), of which R4,4m is "additional " Cash flow is equivalent to 58c per share and with this year's reduced capex, the group should be relatively liquid No decision regarding the final payout will be taken until next year, when prospects for the sugar industry worldwide will be clearer. Meanwhile the recent domestic price increase will go some small way to alleviating the problem.

**At 168c the share is better left alone, until the uncertainty overhanging the sugar industry is resolved. With no end yet in sight to the industry's problems, this year's dividend is problematical, but 25c-26c looks like the maximum.**

*Gail Pemberton*



## DATES TO REMEMBER

**Last day to register for dividends:**
**Friday July 21:** Curlin 4,5c, Curries 20c, Dundee Ind 5c Metkor 5c, Morris & Fattis 12,5c
**Meetings:**
**Tuesday July 18:** Fowler (S) Metal Box, Stanbic
**Wednesday July 19.** Amrel (S), CG Smith Sugar (Durban) Charter Cons (London), Grandbaz (Goodwood, CP), Melodys (S), Scotts Stores (Durban)
**Friday July 21** Chubb Ergo, Eveready (Port Elizabeth), LHM, Placor Plate Glass, Prescat

All meetings in Johannesburg unless otherwise indicated
S Special meeting

(3)

Vraelys aan plakwerkers (1

Naam (eerste naam alleenlik)

Nommer van plaas

1. Hoe het u na die plaas gekom?

2. Het u dit al ooit oorweeg om in 'n stad
wel, waarom gaan u nie?

3. Watter werk:

4. Watter soort
plaas of

5. As werker nie
nie?

(186) 20/7/78 RDM

By RIAAN DE VILLIERS
Labour Correspondent

# Threat to food giants over black SA unions

A powerful international food workers' trade union organisation has threatened five giant companies operating in South Africa with tough action if they fail to recognise a South African black affiliate union.

The companies are Unilever, Kelloggs, Premier Milling and its subsidiary Weston Biscuits, and Intercontinental Breweries.

The Geneva-based International Union of Food and Allied Workers' Associations (IUF) has also warned it will support calls for the total withdrawal of multi-national companies from South Africa unless they recognise black trade unions.

The IUF has 163 affiliated unions in 59 countries, including four unregistered unions for black workers in South Africa, which it is backing in the campaign.

And an official of Chief Gatsha Buthelezi's powerful Inkatha movement — which recently decided to monitor codes of employment practice in multinational corporations — says Inkatha has established links with the IUF and will back the plan.

The IUF says all the firms named have been approached for recognition by one of its South African affiliates, the Sweet, Food and Allied Workers' Union.

The general secretary of the IUF, Mr F Gallin, told the Rand Daily Mail yesterday it has singled out Unilever for a possible "day of action" later this year.

Mr Gallin accused Unilever of "delaying tactics" in dealing with the Sweet, Food and Allied Workers' Union, which has approached the firm for recognition at its Boksburg plant.

Unilever union branches in other countries were prepared to back the South African union, with an action day as a first measure.

Actions would continue until recognition was granted.

Spokesmen for Unilever in South Africa declined to comment last night except to say they had not been approached by the IUF.

Mr Tony Bloom, deputy chairman of Premier Milling, would not comment on the effects of possible IUF action.

But he said his company would be happy to recognise a black trade union, provided it was recognised by the whole milling industry and a substantial majority of the workers elected to join on a "free and democratic" basis.

Spokesmen for the other companies and South African unions concerned could not be reached for comment last night.

**C G SUGAR** ~~232~~ 186 (1)

# Two deals

FM 21/7/78

**C G Smith Sugar** chairman Frank Jones announced two major acquisitions at this week's agm in Durban.

The company is buying Smithchem (Pty) which produces furfural at Sezela from parent C G Smith & Co for R3 550 000, "financed from the group's current cash resources." Last year, Smithchem made a R362 000 profit and, said Jones, "whilst the acquisition is not expected to have any significant effect on the net asset value nor any immediate favourable impact on earnings per share it is, nevertheless, a sound long-term investment."

Second, C G Sugar is buying, jointly with Tongaat, Melville Sugar Estates — an Amic subsidiary held through Mondi — for a total of R7m, of which Smith's half-share will also be financed from its own resources.

The Melville mill, which produced 41 236 t of sugar, or 2% of the industry's total last season, will be closed down as soon as possible and its cane supplies will be diverted equally to Gledhow and Tongaat. Jones notes that: "The additional throughput at our Gledhow mill will yield sufficient marginal profits for the group to make the investment an attractive one, more particularly in the present conditions of restriction in the industry."

C G Sugar and Tongaat will thrash out the division of fixed assets, including

# Food for thought

(232) (186)

**SA's basic food companies are seeking new pastures. With good reason, it seems**

FM 21/7/78

**Food giant** Premier Milling last week bought the well-known Hillbrow bookshop, Exclusive Books, and its sister company United Book Distributors (which represents Prentice Hall, Granada Paperbacks and other well-known publishers in SA)

And talk is that Premier and its arch-rival, Tiger Oats, have bought blocks of shares in Frasers, the wholesale and retail group specialising in soft goods and furniture.

A far cry from food, one may well say But, then, the most notable aspect of both Premier's and Tiger Oats's development in recent years has been their moves into non-food sectors. Last year Tiger took over pharmaceutical leaders Adcock Ingram to add to its shipping and bulk handling interests, and its 30% stake in Metro Cash & Carry wholesalers Premier, through its subsidiary Westdene Services, controls the distribution of about three-quarters of SA's medical books It already owns bookstores in Johannesburg and Durban, not to mention a camera and calculator distributor, several liquor outlets, a travel agency and a pharmaceutical wholesaler.

So has mealie meal lost its punch? Do the diversifications mean that food is no longer a growth industry? If so, what openings are left to Premier and Tiger, not to mention basic foods newcomer Federale Voedsel (Fedfood)?

In his latest annual review, Premier chairman Joe Bloom noted that the food industry is not immune to "the effects of high unemployment and resistance to higher prices" It's well-known that Premier and Tiger's vast poultry and egg operations have taken a beating, though they are now recovering. The two firms are fighting an expensive battle over pet food. Even bread sales have shown no real growth in the past year

As Premier's economic adviser Dr Stephanus Smit puts it: "When you've got a big slice of the market, growth is difficult." Fedfood MD Johan Louw adds: "The potential in the food industry is now limited "

It's not only demand stagnation that is holding back the growth of private enterprise in the food sector. For a start, several of the products involved are price controlled — such as wheat.

Farm co-operatives are nipping ever more fiercely at the heels of private enterprise. Klerksdorp-based Sentraal Wes for example, is into maize milling, oil expressing, poultry feed manufacture, seed and peanut processing and egg packing. Its industrial division earned R4,5m from exports last year

### Join them, says Fedfood

"We're not competing on equal terms with the co-ops," complains one industry executive. Another, however, shrugs off the threat: "We've been living with them for 40 years and will continue to live with them. What they get in favours, we can make up in efficiency "

If you can't beat them, join them. That's Fedfood's philosophy. Bethal-based Oos-Transvaalse Ko-op (OTK) already has a 10% stake in Fedfood's oil expressing subsidiary, Nola Industries. The idea, says Louw, "is to contain and control OTK," whose members provide Nola with various raw materials And talk is that Fedfood has been casting a hungry eye on the 50% of Maizecor (the Pretoria maize millers and animal feed manufacturers) not owned by OTK.

Most agree that the Wheat Board's surprise decision to block Tiger's bid for the Ruto milling group last year has cast a shadow over future mergers and acquisitions. The effects should not be exaggerated, however.

Tiger Oats might argue that the rejection was a blessing in disguise Had it coughed up R8,8m for 51% of Ruto, it may not have been inclined to find another R11m for Adcock Ingram.

Nonetheless, "everyone has taken note of the Ruto affair," observes one industry executive. The Mouton Commission revealed that four-fifths of margarine and edible oil production is in the hands of just five firms And while there are many (big and small) millers and bakers countrywide, in many towns one or two firms dominate the trade Takeovers are thus inhibited

The three giants of the food industry also see little chance of integrating themselves further backwards (into farming, crop handling and storage) or forward into retailing

One group estimates that to buy out all the farmers who grow its wheat requirements would cost around R2bn What's more, farming is a risky business, calling for different skills from manufacturing and distribution. Co-ops are unlikely to want to sell their silos or give up their lucrative handling and storage business.

Fedfood's Louw. One subsidiary, Bechmalt, already controls 18 wholesalers in Botswana and on the platteland. Adds Louw. "We've traditionally been in the country areas, but there is scope for expansion."

As far as manufacturing of basic foods and cereals goes, Premier and Tiger agree the future lies in the expansion and modernisation of existing facilities, rather than in scooping up the remaining independents One group argues it might have difficulty finding competent managers to run a bigger network of mills and factories There are exceptions of course Maizecor and Kempton Park-based millers and cotton ginners, H Lewis, are frequently mentioned as possible takeover situations

Observers reckon all three companies may not be averse to entering other food sectors Talk is that Tiger showed interest in Simba Chips before Fedfood took it over last year.

"It is our policy to diversify into other food activities," says Louw Moreover, he asserts, "direct competition with Premier and Tiger would not be wise

**Exclusive Books . . . a far cry from maize mills**

Premier tried its hand at food retailing in the late Sixties through its stake in Gray Smith At least one supermarket chain stopped buying from Premier, and Gray Smith now sells only liquor "We don't want to compete with our customers," is the unanimous view of all three groups. As a top supermarket man puts it. "I don't think any of them would dare get involved in the food retail business "

Nevertheless, Tiger maintains its 30% share in Metcash, and Premier its indirect interest through its holdings of preference shares in Kimet (which has 50% of Metcash).

"We're doing some soul-searching on wholesaling and retailing," comments We're going for the grey areas "

Some industry watchers reckon Fedfood may benefit from its establishment connections, through fish quotas, bakery licences and so on But these links could also be to the advantage of the food industry as a whole in negotiations with government and control boards One expert concedes that Fedfood "will grow faster than the industry average."

One of Louw's competitors takes a different view of Fedfood's expansion. "They've accumulated a lot of rats and mice. They'll have an uphill battle "

As for Tiger and Premier, most agree that their expansion into non-food areas has not stopped at pharmaceuticals, book stores and liquor outlets

CONDIMENTS (186)

# A spicy story FM 28/7/78

**Biltong, boerewors,** melktert, bredies, roast pumpkin what would they be without a little seasoning?

Most spices are imported - 90% at least, guesses Bob Reid, marketing manager of Robertsons market leader in consumer and catering spice sales

It's hard to tell exactly, because no one knows the real size of the industry The SA Spice Association, formed a year ago, has begun quizzing its members for information and the Department of Economics and Marketing is busy with a survey

Spice savants agree that pepper is the biggest seller, followed by ginger, cinnamon, tumeric paprika, and about 30 other spices The big five are all imported

The Citrus and Subtropical Fruit Research Institute at Nelspruit is trying to change all that, and is experimenting with growing pepper tumeric and ginger locally, and economically.

Ginger has progressed most and the Institute has been supplying farmers with planting materials since 1975. It is not yet produced in commercial quantities — only about 100 t this year — and so far the whole crop is being used for seed or sold as wet ginger at about R800/t to the producer Dried, it would be worth about R1 500/ton

The Spice Association has been canvassing manufacturers to undertake processing for crystallised and dried ginger. The SA Dried Fruit Co-op has started experimenting with drying ginger at its plant near Nelspruit. Anyone processing ginger would also be in a position to process tumeric, which is only sold dried

Tumeric has a hopeful future. It requires the same growing conditions as ginger, which is flourishing on the Natal North Coast, in the southern lowveld and the Northern Transvaal There is a world shortage of tumeric, currently mostly produced by India and Burma, and prices are spiralling. They are up from $590/t late in 1976 to $2 400/t now.

SA normally produces enough coriander and chilis for local needs, but spice firms still import if prices here are higher than abroad.

Sun. Trib. 30/7/78

# The diet foods that make you fat

(186)

**Tribune Reporter**

UNSUSPECTING South Africans are eating certain diet foods that can make them fat, "steak and kidney" pies that contain neither steak nor kidney and some health foods that have no special health-giving values.

These products — and others that make some most extravagant and misleading claims — are freely available because recent legislation aimed at protecting the consumer is not being enforced, according to Prof B. H Koeppen, Professor of Food Science at the University of Stellenbosch.

Without going out of his way to look for food products that are being promoted on unsubstantiated dietetic and health-giving grounds, he has recently come across.

## Glucose

- A so-called diet food claimed to be sugar-free — which contains fructose, glucose, lactose, maltose and sucrose totalling 31 percent.
- A so-called non-fattening, high protein health product containing more than 20 percent sucrose (32 percent total sugars)
- Steak and kidney pies that contained neither steak nor kidney.
- "Concentrated" fruit drinks that are not "concentrates" at all. Some he investigated comprised pulp to which sugar and preservatives have been added, he said.

Misleading or insufficiently substantiated claims are made about a variety of other food products — among them some margarines, biscuits and soft drinks, said Professor Koeppen.

"Generally, the quality of our manufactured foods is high and compares very favourably with the foreign products with which they compete on the domestic and export markets," said Professor Koeppen.

"But a few manufacturers are misleading and exploiting the ignorant and the gullible . . . and giving everyone else a bad name. In the interests of the public and the food industry as a whole, firms making false or unjustified claims should be dealt with swiftly and mercilessly"

NM 1/8/28

# Sweet deception

(186)

MISLEADING and unjustified claims on labels and in the advertising of foods and beverages is widespread in South Africa, and should be ended.

Legislation to achieve this end in almost all cases already exists and although the authorities are active, they are hard pressed for staff at all levels and can only hope to deal with a few of the most flagrant abuses.

Some of these abuses are dangerous. Particularly alarming for those who must restrict their sugar intake are implications or even direct claims that a product is sugar-free when this is simply not the truth.

One particular "diet bar" manufactured and marketed in South Africa was claimed to be sugar free. In fact, it contained over 31 percent of sugar.

Another non-fattening, high protein, health bar contained 32 percent of sugar, although in direct contravention of the Foodstuffs, Cosmetics and Disinfectants Act of 1972, sugar was not mentioned in the list of ingredients.

Those who are laudably concerned with slimming are particular victims of misleading claims. Currently several drinks are being advertised as containing what seems to be substantially less carbohydrate than usual.

What the advertisements do not give is any reference standard. Thus a high carbohydrate level could be just over four percent. So a 50 percent carbohydrate reduction represents very little in absolute terms.

Similar abuses exist in the advertising of wine.

Meat and meat products are the subject of many abuses. Many sausages and polonies contain far less meat than the prescribed legal minimum, while some pies labelled "steak and kidney" contain neither and do not match up to the attractive labels on their packaging.

Cases of these kind – and they can be multiplied many times – are creating public distrust of the South African food industry. If the authorities can only deal with the fringes of the problem, then perhaps the time is ripe for the food industry to set up a body similar to the Advertising Standards Authority, with the power to police itself.

This would be a great step in the right direction.



steam engine—the decisive invention of that revolution, the source of power vastly greater than men, or horses, or waterwheels could provide. What has been called the "invention of invention" multiplied the number of devices used in the production of goods: while in the century between 1660 and 1760, the average number of patents granted in England was sixty, in the years between 1760 and 1790, that number rose to three hundred twenty-five. This was the period in which the factory began to emerge, and the factory—a central building with machinery, on which workers converged for stated periods of time—was an invention like that of the steam engine. The factory demanded something new the regular employment of labor It put a premium on what came to be called "industrial discipline"—the workingman's ability and willingness to report for work on schedule, every day, for the machines were voracious and could not stand idle. These moral and psychological requirements went hand in hand with improvements in commercial and banking techniques which eased the transfer of funds, and with the agglomeration of sprawling industrial cities, in which the working population clustered in increasing numbers—and increasing misery.

In some industries, notably in textiles, these spectacular improvements were truly revolutionary. John Kay's flying shuttle, patented in 1733, cut the number of weavers needed to work the loom from two to one. In about 1764, James Hargreaves invented the spinning jenny, a modern mechanical version of the spinning wheel. His first version permitted the simultaneous working of eight spindles; in 1770, when the jenny was patented, it was capable of handling sixteen The year before, the gifted Richard Arkwright had patented the water frame, and ten years later, in 1779, Samuel Crompton patented the spinning mule These two inventions permitted the spinning of fine and coarse yarns in unprecedented, hitherto almost unimaginable quantities. And, significantly enough, in 1785 Watt's steam engine was harnessed to these devices, and factory mass production of cloth was under way. Yet, despite all this, the Industrial Revolution was a slow and uneven growth. It began in England: Germany saw its first steam engine in 1785, and factories in France long remained small. And even in England, the factory town did not spring up overnight. by 1790 there were still fewer than a thousand spinning jennies in operation. The old commercial mentality, the old handicraft industries, and the old small-scale enterprise were tenacious survivals Through the eighteenth century, Europe remained a predominantly rural society.

This in itself was not a sign of stagnation. There was no rigid separation between agricultural and industrial occupations, before the age of the factory, employers of labor depended largely on the domestic system They engaged workers, rural and urban, to do their work at home This held true for England, the mother of industrial society, as well as all across central Europe In the rural districts of Bohemia, there were more than two hundred thousand domestic workers spinning flax; in the Swiss canton of Glaurus there were more than



thirty-four thousand domestic spinners across the countryside. Most of these rural industrial workers were women.[39]

Moreover, like the industrial sector of Europe, rural life, too, felt the

£300 and £1000 a year ...

prosperous than that far larger category, the freeholders, whose farms might bring them as little as £30, or as much as £700 a year. This scale, ranging from £30 to £50,000, offers a prospect of vast economic and social distance, from cottage to palace Yet even this hierarchy, steep as it appears, does not comprehend the whole spectrum of English rural life. below the petty freeholder with his £50 or £75 a year were the mass of tenant farmers, some of

[39] See Anderson, *Europe in the Eighteenth Century*, 65

# Housewives warned not to bottle foods

Mercury Correspondent

LONDON – Housewives were advised by the Consumers' Association yesterday to throw away home-bottled vegetables, meat and fish and not to bottle any more because of the botulism danger.

The association's magazine declared: "Attempts to bottle meat and vegetables could end up with bottled poison. It's almost impossible to reach and maintain a temperature high enough on your cooker to kill all the micro-organisms that can lurk in such food."

The association said home-bottled food should not even be thrown away without thorough boiling to destroy as much poison as possible.

This advice does not apply to salted or pickled food or bottled fruit.

The association's concern has been aroused by recipes for preserving vegetables, meat and fish supplied with modern preserving jars from France, where extra equipment for safer home-preserving can be bought.

"The jars themselves are sound, as are recipes for preserving fruit, but those for vegetables, meat and fish could prove extremely dangerous," says the magazine.

"The spores of the micro-organism *clostridium botulinum* are very heat-resistant and can lurk in fish, meat and vegetables and they grow in food to produce the toxin which causes botulism."

Botulism occurs in countries where home-bottling of foods other than fruit is common, such as the United States.

Food containing the toxin may taste pleasant so the only way to avoid possible poisoning is not to bottle certain foods, the association advised.

HUNDREDS of tins of salmon come off Durban shelves for stockpiling until the botulism scare — which has alerted shopkeepers and health authorities in many parts of the world — has been thoroughly checked out and the suspect fish cleared for consumption.

# *Health men on the hunt for suspect tinned salmon*

Science Correspondent

**ALL salmon canned in the United States and Canada has been withdrawn from sale in South Africa.**

All available State and city health inspectors are visiting retail outlets and restaurants to ensure none is sold or used

The action follows the outbreak of botulism food poisoning in Britain Although tinned salmon is produced in many countries, only certain batches from the U.S are involved

"But no chances can be taken where botulism is concerned, it is a very nasty thing That is why all North American salmon has been withdrawn pending investigation and receipt of batch numbers of affected tins from overseas," said Dr. B M A Buchan, acting regional director of the Department of Health for Natal, yesterday

### Clearance

It will probably take some days before clearance for the sale of salmon can be given, he said

A Durban health department doctor said that inspectors were concentrating mainly on small dealers in outlying areas who may not have heard the news Big outlets were not a source of worry, since they had already been informed and acted promptly

The lunchtime take-away trade is not likely to be affected — in fish preparations, tuna is the most popular fish. The price of red salmon rules out its use in sandwiches and rolls

# Two couples cling to life

LONDON – Four elderly British people remained critically ill in hospital yesterday while a search went on for tins of salmon suspected of giving them a rare form of food poisoning.

Breathing with mechanical aids, two brothers and their wives clung to life as scientists continued tests to establish beyond doubt whether the cause of infection was a tin of red salmon which the couples shared at a Sunday afternoon meal

More than 1 000 of 14 000 suspect tins from a batch sought by the importers, John West, had been traced, company officials said

Marketing manager Mr. Tony Dwerryhouse said suspect tins which originated in Alaska had been turning up in Britain

The four ill people — Mr. Leonard Farmer (79), his wife Clara, his brother Jesse Farmer and wife Betty — were admitted to hospital as emergency cases early on Monday morning — (Sapa-Reuter.)

# Assurance on poisoned fish — but stores play it safe

RDM 3/8/7 186

By CHUCK MITCHELL

DEPARTMENT of Health officials and South Africa's largest importer of tinned salmon, the John West Company, said yesterday they were confident South Africa has received none of the contaminated salmon that has left four people critically ill in Britain.

But in a precautionary move yesterday the country's largest supermarket chains, Pick 'n Pay and Checkers, ordered all salmon canned in the United States to be removed from store shelves. The move affects tinned salmon marketed under the John West, Cucumber Red and Fairco Fine Foods labels.

And the United States food and drug administration has launched an investigation into the possible connection between the four cases of botulism, a type of food poisoning which is often fatal, and salmon canned at a plant on the Aleutian Islands situated between the Soviet Union and Alaska.

A spokesman for the agency in the US said he thought a lot of people were jumping to conclusions about the canned salmon before the initial report was even completed, reports UPI.

Four British pensioners Mr Jesse Leonard and his wife Betty, and Mr Lionel Leonard and his wife Clara, were still in a critical condition, partly paralysed, in a Birmingham East hospital yesterday after eating a meal which included a tin of salmon marketed by the John West company on Sunday night.

A spokesman for the hospital told the Rand Daily Mail yesterday the four people were being treated in the hospital's intensive care unit and all were on respirators.

He described their chances as "fair".

They were the first botulism cases reported in England since 1955 and the spokesman admitted the hospital was unsure of the most effective treatment. "We are treating it as a test case," he said.

A spokesman for the Department of Health in South Africa said yesterday all shipments of imported tinned salmon from the United States would be held back until tests proved conclusively the tinned fish was free from botulism.

There appeared to be no danger to South Africans from stocks currently on the market. Salmon canned in Canada and Japan, the two main sources of salmon in the world, had been passed by his department, he said.

Mr Graham Hill, managing director of the John West company's South African operations, said yesterday the cannery in Alaska was conducting tests which so far had proved negative.

"None of the suspect code of the fish has reached South Africa," he said. "The stocks currently in the country are not even remotely dangerous. The removal of the fish from shop shelves was purely a precautionary measure."



social and economic problems, who were usually far more interested in
artisans and craftsmen of the traditional type than in industrial wage-

(iv) Average age of household heads, a
household, per person, per earner
pensioner by household size.

(v) Number of households, average hou
incor... per household, average inc
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(vi) Numbı
earners and pensioners, number of
pensioners, average income per ea
per earner and pensioner, average
average income per known earner a
and pensioner income.

(vii) Nuclear family, extended family a
in age groups by household size.

(viii) Number of earners, pensioners anc
in nuclear, extended and non-fami

(ix) Number of households by sex of hc
household size.

(x) Number of people not employed and
pension/grant/alimony by age (20-
heads and totals.

Note: The tabulations not published here ha
in detail and may contain errors of various kinds. They are
available for inspection in Saldru, School of Economics,
University of Cape Town.

**CHOCOLATE** 186

## Sales melt

FM 4/8/78

**About five years** ago a slab of chocolate cost 25c and a pint of beer a cent or two less. Today, the beer is roughly 30c, but the same bar of chocolate is no less than 50c.

The facts behind the phenomenal increase in the price of a choc bar are simple enough. Cadbury-Schweppes MD Neville Bain estimates that cocoa accounts for about 75% of total ingredient costs in a slab of chocolate. "Last year cocoa prices went through the roof." At the beginning of July 1975, cocoa was quoted at £563/t, a year later at £1 331/t, last July at £3 118 t and two weeks ago at £1 782/t.

Sugar, another important ingredient, was R108/t in 1975 and is now priced at R246/t and likely to go higher. Maize products, milk and other costs, such as transport and electricity, have also played their part in boosting expenses.

Both Cadbury's Bain and Nestle MD Peter Bowes concede that more than doubling the price of a slab of chocolate over the past few years has produced a significant price resistance and pushed the volume of chocolate sales down by at least 20%. To prevent volumes falling still further, manufacturers "cut margins significantly last year, but the downward trend has now stabilised. "The market is currently showing some growth," Bain tells the *FM*.

It is doubtful whether lower cocoa prices will filter through to the sweet counter. Manufacturers tend to buy ahead and carry as much as six months' stock at a time. Average price depends on when the cocoa was bought, the rate of usage and the proportions of cocoa powder to the more expensive cocoa butter used. Thus some of the cocoa bought at last year's peak prices is only reaching the counters now. Which explains the high prices paid by consumers.

How cocoa prices will fare this year is anyone's guess until the crop is in. Weather and disease could still cause havoc. "At the moment the crop seems to be better than average, and I have a gut feeling that prices will be in the £1 500 to £2 000 range," comments Bain.

Neither Cadbury nor Nestlé expect the retail price of chocolate to fall this year. "If anything it may go slightly higher towards the end of this year or early next year," suggests Bowes.

Too bad, children . . .

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FOOD UNIONS

# Foot in the door FM 4/8/78

**Relations between** employers and unregistered (African) trade unions have come to a crisis point in the food and drink

29.

(2)

industries.

Four major employers have been approached for recognition by the Sweet, Food and Allied Workers' Union

The approaches have taken on an added dimension with reports that the four — Unilever, Kellog SA, Intercontinental Breweries and Premier Milling through its subsidiary Weston Biscuits — face international trade union action if they shut the union out

Both Unilever and Kellog are multinationals and Intercontinental is part of the worldwide Rupert group, so all three could be in trouble if the International Union of Food and Allied Workers' Associations (IUF) which represents food and allied workers throughout the Western world puts on the pressure

Not all the companies are, however, likely to refuse recognition Union secretary "Skakes" Sikhakhane tells the *FM* that his union is confident of winning recognition at Kellog as soon as it can demonstrate that it represents more than 50% of the workforce.

This shouldn't be far away. "We represented about 60% until recently The workforce has grown of late, however, and we may have dropped a little below 50% But we should be back over that figure soon," Sikhakhane tells the *FM* Kellog MD Des Wood will only confirm that "cordial discussions are taking place" with the union and that the company has asked the union to demonstrate majority membership Nonetheless, a breakthrough could well be in the offing

A more complex situation faces the union at Intercontinental Sikhakhane says his union has enrolled all African workers at the firm's Krugersdorp plant and that management appears to have accepted that African workers should be represented by a union

**Fragmentation**

Management has said, however, that it prefers to deal with a union representing brewery employees only — Sikhakhane's union represents workers in all food and related industries According to Sikhakhane his members reject the formation of a separate brewery workers' union

Krugersdorp workers want to stick with Sweet, Food and Allied and they have told Pretoria and SAB workers that they should do the same He notes that there are only two employers in the brewing industry and adds· "We fear that management want a form of company union, restricted to one or two employers, as a form of breaking up our power. The workers should be free to choose what sort of union they want "

Neither Intercontinental's MD Gerhard Steinmetz or SAB's Beer Division will comment However, the *FM* understands that both are delaying a decision until after the Wiehahn Commission reports, and that brewery employers would prefer to deal with an African union which has links with a registered union

At Unilever, Sikhakhane reckons the union has been met with the traditional brick wall It has not asked for full recognition here, as it doesn't represent a majority of the workforce What it does want is access to factory premises during lunch and other breaks to address workers and enrol members.

Management, he says, told the union it was a "third party" and referred the issue to Unilever's liaison committee, which refused permission. But· "Liaison committees have management representatives and the workers may have feared victimisation if they backed the union "

Sikhakhane rejects Unilever claims that it has consulted workers and that they are not interested in the union: "A representative of their parent company did tell workers that they could join a union without fear of comeback. But he didn't ask who was interested We do have membership at Unilever "

He argues that a union representative should have been present at the meeting to put the union's case and allay worker fears of victimisation and adds that

| | | |
|---|---|---|
| 0-99 | 66. | 3.44 |
| 100-199 | 30. | 4.87 |
| 200-299 | 10. | 6.40 |
| 300-399 | 1. | 4.00 |
| 400-499 | 0. | - |
| 500-599 | 0. | - |
| 600-699 | 0. | - |
| 700-799 | 0. | - |
| 800-899 | 0. | - |
| 900-999 | 0. | - |
| 1000+ | 0. | - |
| Totals | 107. | 4.12 |

(3)

worker response to the union can't be tested unless his officials are allowed to put the union's case to workers on factory premises

A Unilever SA spokesman replies that the company "neither encourages nor discourages" union membership Unilever won't obstruct "legitimate and reasonable" union attempts to establish contact with workers but "this would not include access to company premises without prior consultation with the appropriate employee representative committee "

Unilever's man says the liaison committee consulted workers on the union issue and the reaction was "negative " There is no need for a union official to be present when the issue is put to workers because "we do not believe that there is fear among employees that there will be repercussions" if they join a union. "The fact is that Unilever employees have shown little inclination to join the union."

SCHOOL OF ECONOMICS 1978

ECONOMICS II D.J. Rees

ESSAY NO. 2

Discuss the importance of the concept of "property rights" in explaining economic behaviour and performance.

References:


Furubotn, E. and Pejovich: "Property rights and economic theory: A survey of recent literature" Journal of Economic Literature (December 1972) 1137-1162

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Cheung, S. : "The fable of the bees: an economic investigation". Journal of Law and Economics (April 1973) 11-34

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Essays are to be handed to tutors during the first week of the second quarter.

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FM 4/8/78 (131)

That Nestlé is changing its name to Food & Nutritional Products? It is, says MD Peter Bowes, all part of a world-wide trend away from the exclusive Nestle brand name Other brand names in the F&NP stable include Maggi, Crosse & Blackwell, Yomix, Lazenby and Swiss Inn Restaurants

There's to be no change in the ownership of the new outfit It will continue to be a wholly-owned Swiss company

29.3.78

## PILCHARD PLUNGE

# The ripple effects

(186) FM 4/8/78

**As a result** of an eleventh hour influx of large anchovy shoals in SWA waters last month, Walvis Bay reduction plants managed to boost combined SA/SWA production of fishmeal to about 182 000 t for the year, about 30 000 above previous estimates.

For the SA protein industry this is very good news indeed, for without the additional scoop, balanced food manufacturers would have had to import at least 10 000 t of fishmeal, or balance available stocks of fishmeal with soya meal

According to the Association of Balanced Feed Manufacturers, fishmeal needs for the year are estimated at 150 000 t — 160 000 t, but it is not yet clear whether production surplus to domestic requirements will be exported. In view of uncertain prospects in SWA next year (the 1979 catching season may not start until April, if at all), government will probably insist that these stocks be held in the country to ensure some sort of continuity of supply.

All other factors remaining equal, therefore, it seems there is a reasonable certainty that prices of broilers and porkers will remain stable

Fish canning, on the other hand, faces a grim future, even if one discounts the political uncertainty The threat of commercial extinction of SWA pilchards is going to invite tough conservation, possibly even a total ban. The multiplier effect of this disaster will be felt for some time to come.

Pilchard canning this year is expected to yield about 1m cartons (48 cans to a carton), compared with 4m cartons last year and 11m cartons in 1976. Export earnings will be zero this year, compared



with R34m last year and R50m in 1976

According to Federal Marine, the pilchard canning marketing agency, about 250 000 cartons of fish will have to be imported this year Depending on source of supply, this exercise will cost R2m-R3m.

Of the ancillary industries that have suffered as a result of the pilchard debacle, Metal Box in Walvis Bay is one of the hardest hit Following good canning performances by Walvis factories in 1974 and 1975, the company tooled and expanded to cope with anticipated packs of 12m-14m cartons requiring 600m-800m cans a year The consequences of misplaced expectations are evident in the company's reporting

A Metal Box spokesman in Walvis Bay tells the *FM*, however, that most of its surplus equipment (most of it brand new) is being shipped to MB plants in SA and that a good deal of re tooling is in progress to supply bully-beef cans for meat canners at Windhoek, Otavi and Oshakati MB also hopes to take up part of the slack by producing one-and five-litre paint cans

Unemployment hangs heavily over Walvis The port's present inshore fishing fleet consists of about 80 craft, ranging from a handful of highly specialised refrigerated and chilled sea water pilchard catchers to 60 or 70 broad-beamed purse sein netters

# 72 000 face starvation if sugar estate fails

8/8/78 (186)

The Star Bureau

LONDON — A delegation of Mozambique government and banking officials has arrived in London to begin a round of talks which they hope will save a vast British-owned sugar estate from bankruptcy.

The talks are crucial to the newly-independent East African nation whose economy has received a buffeting in the past year.

If Sena sugar estates goes out of business, 12 000 black employees and their 60 000 dependants face starvation.

The shares of the company were suspended on the London Stock Exchange last month. The chairman, Sir John Hornung, refused to say anything. Sena began business in the former Portuguese colony in the 1880s as opium planters, reports the London Sunday Times.

The Mozambican's main cause for concern is the R45m which the Bank of Mozambique lent to Sena.

A Whitehall official said this week that the plight of the two sugar estates on the Zambezi River was so desperate that not even the Cubans, who have good relations with the Marxist government of Samora Machel, would consider moving in. Until a few years ago, sugar was the country's largest export crop, now it barely grows enough for its own use.

**PRICE FALL**

Though the precise cause of Sena's financial problems has not been revealed, there is little doubt that the tumbling sugar prices had much to do with it.

In 1974 it made nearly R8m sale of its product.

But the price of sugar has dropped from about R370 a ton in 1973 to about R145 this week.

A vast new scheme to rebuild a crushing plant at Marrameu was financed with the help of the Export Credit Guarantee Fund.

The scheme involved "a major technological jump" from the outdated plant which was a relic of the 1920s, but the plant, which should have been completed in 1976, has still not been commissioned. Much of the 1977 sugar crop was lost.

Marrameu, which was expected to produce 200 000 tons of sugar last year, in fact produced less than a third of that figure.

Mozambique's economic position has already been severely weakened by disastrous floods earlier this year. But before then, a UN report estimated that the country would have a balance of payments deficit of more than 300m dollars in 1978.

The report said Mozambique, a largely agricultural country, would have to import 200 000 tons of food this year and double that amount in 1979.

● World Sugar Publications has made its first prediction for the 1978-79 sugar year, putting worldwide sugar production at 89 081 000 metric tons and consumption at 89 395 000 tons.

This compares with a 1977-78 estimated production of 91 440 000 metric tons and consumption of 87 092 000 tons.

FM 11th Aug 1978 ~~(3)~~ (186)

EXPORTS

# The EEC gets tough

**SA exporters** are heading for hard times in European markets. Although a great deal of secrecy surrounds the Tokyo round of multi-lateral trade talks in Geneva, enough information has emerged to confirm that SA is faring poorly in efforts to negotiate not only lower tariffs in Europe but some form of compensatory treatment for the loss of its favoured position in British markets.

According to the EEC offer lists in respect of canning, SA gains are virtually nil. For example, the EEC offered to cut the common external tariff (CET) on grapefruit segments from 20% to 17%, fruit cocktail from 22% to 20% and canned mandarin oranges by the same measly margin. It originally intended to include peaches, pears and pineapples (the volume sellers) on the list, with a 5% or 6% cut in the CET, but these were deleted on the insistence of the French and the Italians.

European canners can supply on average no more than 25% of the community's demand for canned deciduous fruit but the EEC is committed to the protection of the least efficient of its members, hence the protective barriers.

If this cast of mind prevails across the full spectrum of trade with Europe, prospects seem dim that SA will export much more than primary products and raw materials — on terms which suit the Europeans.

Nor does there seem to be any limit to the scope and range of non tariff barriers which the people in Brussels can devise. Starting next season is a device called the "production aid system." It amounts to a subsidy on the production of canned peaches and tomatoes to compensate Italian canners for their high production costs. The aid system is an equaliser and will work primarily against the Greeks.

In practice it will mean that Italian canners of average efficiency will get their fresh fruit for nothing, if they are super efficient it will mean that they will receive more aid than they pay for their fruit.

The worrying thing is that, with the exception of Belgium, quality is a secondary consideration to price with most European consumers. And although the currency factor has helped SA exporters who sell in rands/dollars, there is no way SA can begin to pare prices 50%. On top of that there is mounting competition from Third World exporters, mainly Francophone and Commonwealth states in Africa which enter Europe duty free. Argentina, too, is getting a firm grip in Europe, assisted by a 25% government subsidy, while in the US growers with heavy surplus production subsidise canners to take fruit off their hands and drop it off in Europe, as happened last year.

Underlying all these problems is genuine concern in Europe that incipient trade action against SA may materialise into real embargo. Buyers are reluctantly having to negotiate alternative sources of supply, thus adding another dimension to the marketing problems of exporters.

Implications for SA are grim. Canning may be small beer compared with total exports, but it is important for the Cape region. It's a trade of 8m cartons worth R80m to R90m a year, 90% of it from export earnings. It involves 2 50[…] farmers and maybe 20 000 farm workers producing 185 000 t of raw fruit worth about R20m a year, not to mention 1[…] major canneries employing 14 00[…] blacks and 1 500 whites and a wage bi[…] of R14m a year for the blacks alone.

In addition, the canners pay Metal Bo[…] Company R26m a year for cans, the[…] pay the sugar industry about R8,5m [a] year for consuming 40 000 t of sugar and the shipping companies receiv[e] about R8m a year in freight charges.

ROOIBOS TEA

186

# Thirsty market

FM 11/8/78

**The traditional** boere brew of rooibos tea is enjoying a boom it never had in ouma's day.

Since 1968 consumption has been on the upswing; 1977 sales were 2 820 t — 78% up on the previous year, and the first six months of this year are already 38% up on 1977 figures, says Piet Saayman, GM of the Rooibos Tea Board.

The 120 rooibos farmers should be smiling — grinning from ear to ear. They would be, if they only had enough tea to meet demand.

Production this year was 2 350 t — down 625 t on last year's crop due to fungus caused by too much rain. Production next year will probably be much less — due to lack of rain.

Planting has been delayed, and may be abandoned altogether if the next few days fail to bring showers to the Clanwilliam and Cederberg districts.

Saayman prognosticates a shortage by the end of 1979. To combat it the Board is planning marketing quotas for the 12 firms that pack rooibos (not a new move, quota operated continuously from 1970-1975). Stocks were frozen last week until the quotas can be implemented together with a 15% price hike to stimulate production and to institute a levy fund.

Of the 12 packers, four control 85% of the market. Saayman estimates about 34% of rooibos tea drinkers are English speaking, incidentally.

It's mostly the converts who drink teabag rooibos — about 15% of sales. Old timers declare it a watery substitute for the authentic thick brew, boiled up on the stove.

About 5% of the rooibos crop is exported, mostly to West Germany, the US and Britain, where it is marketed as a health drink. Saayman is not enthusiastic about expanding exports — what's the point with such a thirsty local market? But with coffee prices coming down, and rooibos going up, will rooibos keep its local converts?

# Egg men welcome production controls

20/8/81

Staff Reporter

SOUTH African egg producers yesterday welcomed the announcement by the Minister of Agriculture, Mr Hendrik Schoeman, that the Government is to place controls on egg production from September 16.

Mr Erik Karlsen, chairman of the South African Commercial Egg Producers Association, said the controls would be one of the ways in which the "shaky" egg industry could be stabilised.

He said that the controls — which will be introduced in terms of the Egg Production Act of 1970 — were initiated by the egg producers themselves.

The chairman of the Egg Control Board, Mr Marius Oosthuizen, also welcomed the announcement.

"The egg industry is in an unhealthy state at the moment," he said. "The country's surplus currently stands at 1 000 000 cases and is rising all the time. The solution does not lie in price reductions as lower priced eggs do not stimulate demand. These controls will be vital to the industry."

# DURBAN VIEWS

FM 1/9/78 (186)

Durban Chamber of Commerce's survey of business opinion, out this week, is a chirpy affair

For example, 60% of contributors — the highest proportion since the fourth quarter of 1975 — said they were planning to expand their business activities Hoteliers were unanimous that business conditions, trading revenue, beds sold and occupancy rates were better than a year ago, while 85% said reservations were higher. Helped by pre-gst buying, furnishers had a ball and reported higher sales in both volume and value

Less happy is the employment situation, where the low levels of a year ago were maintained except in the motor trade which cut back on both white and African staff, and in the food sector, where 75% of respondents reduced their African work force. The survey covered 195 retail outlets employing staff of 8 900 and six tourist hotels with a total of 1 370 employees. More meaningful (ie less distorted by the pre-gst rush) results should come with the next survey for the current period

FM 1/9/78 (186)

SUGAR DIVERSIFICATION

# Hulsakane turns sour

"The viability of Hulsakane is not in doubt ... I look forward to the new enterprise becoming one of the group's major profit contributors in the years ahead." Thus, Huletts Annual Report, 1973.

"Hulsakane, which suspended operations in 1975, will not be producing board in future and arrangements have been concluded to sell the press and ancillary equipment to Bruynzeel Plywoods," Thus, Huletts' MD Dr C van der Pol, August 1978.

So another chapter of not so great diversifications ends. What went wrong?

The short answer is everything. When all the technical bugs had been sorted out, the building industry went into recession and the market for particle board had vanished.

It is difficult to evaluate the financial impact of this chapter of misadventure, not least because Huletts is retaining the fibre preparation plant which may be used to augment the Felixton Mill's supply of bagasse to Ngoye.

All Huletts is prepared to say is "the sale of this capital asset will have only a marginal effect on the group's cash flow." No price is disclosed.

Originally the equity of R3m-R3,5m in the 1978 accounts was held jointly by Huletts (70%) and Tongaat. By the time Hulsakane went into production, Huletts was in for over R5m. In 1973 shareholders put in another R500 000 of loan capital to offset start-up losses and the following year Huletts paid R628 000 for Tongaat's share.

The 1975 accounts show a loss of R1,8m with a further R300 000 written off to disposal of board stocks and other material. In February 1975 board productions ceased, and in May Veneering and other operations were stopped and the plant was mothballed

Nevertheless a loss of R348 000 is recorded in the 1976 report

A joint investigation with Bruply revealed an oversupplied market, so Huletts has called it a day

The history of sugar diversifications suggests that, although the principle of diversification is sound enough, the industry does best when it minds its own business

| TABLE 20 | Distribution of Chicken Ownership |
|---|---|
| Number of Chickens | Percentage Owning up to and including this Number of Chickens |
| 1 | 61 |
| 4 | 67 |
| 8 | 80 |
| 12 | 93 |
| 16 | 96 |

= 137

2.11 Relationship Betwe[illegible] holdings

Do families who have no [illegible] any cattle or sheep? Is the size of a landholding pr[illegible] ber of cattle or sheep a family owns? Thus far [illegible] distribution of landholdings and livestock separately, [illegible] attention to the relationship between the land and live[illegible] and families. Table 21 presents the relationship between [illegible] dholdings and the number of cattle owned by the homel[illegible] the workers with rural ties.

| TABLE 21 | Relat[illegible] holdings and Cattle (1) | | | | |
|---|---|---|---|---|---|
| Distribution of landholdings (Morgens) / Distribution of Cattle | No Land | [illegible] | [illegible]5-3,4 | 3,5-5,4 | Total |
| | % | [illegible] | % | % | % |
| 0 | 71 | [illegible] | 35 | 30 | 51 |
| 1 to 2 | 13 | [illegible] | 26 | 10 | 13 |
| 3 to 6 | 10 | [illegible] | 9 | 27 | 15 |
| 7 to 25 | 6 | [illegible] | 30 | 33 | 20 |
| Total | 100 | [illegible] | 100 | 100 | 100 (2) |
| N = | 52 | 33 | 23 | 30 | 138 |

(1) The Chi square statistic is significant at the 0,02 confidence level.

(2) Percentages do not add up to 100 because of rounding error.

It shows that 71% of the families that had no land available for cultivation

(186) 29/8 N.M.

# Fines for food offences

**Mercury Reporter**

UNWRAPPED cooked food was in danger of being contaminated in two cases [illegible] recently by Durban City Health inspectors. [illegible] involved have now been fined under the city's food by-laws.

B B Supply Store, Leicester Road, Mobeni, has paid R100 admission of guilt and Durban National Fresh Produce Market, Flower Road, Clairwood has paid R80 admission of guilt.

In the case of B B Supply Store, an inspector found two employees selling foodstuffs to the public from one of their vehicles in Richard Carte Road.

He found unwrapped cooked chickens, sausages and fish in uncovered trays inside the vehicle and that customers' clothing often touched the food as they crowded round the van.

This exposed the food to contamination, he said.

Another inspector found a Durban National Fresh Produce Market car carrying uncovered trays of scones, sausage rolls and pies in its boot.

"A spare wheel and a can of air freshener were next to the trays exposing the food to contamination," he said.

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# Residents 'unhappy' with bread

African Affairs Reporter

**MEMBERS of the Umlazi Traders Association told officials of the KwaZulu Development Corporation at the weekend that residents were refusing to buy bread made by the Umlazi Bakery.**

Bakeries from Durban, which supplied the township with bread in the past no longer operate in the area and the Umlazi Bakery [illegible] by the KDC has a monopoly.

[illegible]

• [illegible] claimed that the quality of bread [illegible] match for [illegible] Durban bakeries.

• It was difficult to make a sandwich [illegible] the bread disintegrated.

• [illegible] delivered late [illegible] morning and as a result many people left home without bread. The traders had [illegible] bread at [illegible]

• The bakery [illegible] to cope with the orders placed by the traders.

## Undertaken

• Some traders had undertaken to buy bread from outside Umlazi thus giving unfair competition to the local traders who patronised the Umlazi Bakery.

• Some traders had taken the trouble of driving to the Umlazi Bakery to buy bread but each time there were told it was still in the oven.

One trader told the officials that he received his first order at 3 p.m. and it was less than the original order.

He drove to the bakery four times but could not find bread. He was forced to buy bread from outside the township.

## Complaint

Mr [illegible], KDC's assistant manager for development, told the traders that complaints about the quality of bread would be investigated immediately.

Experts would be called in.

The corporation had bought three new trucks to make deliveries faster and if the traders felt there was need for additional trucks the corporation would not hesitate to increase the number.

In the meantime traders said they would continue buying bread from outside until the quality of the local bread had improved to the satisfaction of the customers.

They pointed out that they would be faced with the problem of convincing customers at a later stage that the Umlazi Bakery bread had improved.

# Soos die armes, sal dié slagters altyd met ons wees

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RAPPORT 17/9/78

**SOOS elke sakeman sal 'n kleinhandelslagter vleis verkoop van die minimum- aanvaarbare gehalte en teen die hoogste prys wat hy in sy besondere area van sy klante kan beding. Die Vleisraad het in ons kapitalistiese stelsel geen beheer oor die pryse wat 'n slagter op kleinhandelvlak beding nie.**

*Dr. Jan Lombard, hoofbestuurder van die Vleisraad, het vandeesweek geantwoord op stellings dat slagters oor die algemeen laer grade vleis teen hoëgraadpryse verkoop en volgens hom moet dié aspek van die vleisbedryf in perspektief gesien word.*

Volgens dr. Lombard sal normaalweg gevind word dat 'n individuele slaghuis net bepaalde grade vleis hanteer omdat hy net in bepaalde markbehoeftes voorsien in die spesifieke gebied waar hy sake doen. Daar kan nie van die gemiddelde slagter verwag word om al die beskikbare grade vleis op die mark aan te hou nie

So kan die slagter in 'n middelinkomstegebied byvoorbeeld net prima en graad 1-vleis hanteer en as sy klant nie op 'n spesifieke graad sou aandring nie, sal hy enige van die twee grade ontvang en net een prys daarvoor betaal Die rede hiervoor is dat die slagter nie sy pryse van dag tot dag volgens markpryse waarteen hy verskillende grade aangekoop het, kan laat wissel nie Dit sal die publiek die harnas in jaag en sy boekhouding en administrasie geweldig bemoeilik.

## Gradering

Vleisraadondersoeke het reeds bewys dat slagters oor lang periodes hul pryse feitlik konstant hou, terwyl die markpryse waarteen hulle aankoop oor dieselfde periode met soveel as 25 persent wissel Wat die slagter dus een dag kan verloor, sal hy moontlik die volgende dag opmaak en andersom.

Hoewel die Vleisraad geen prysbeheermagte op kleinhandelvlak het nie, gebruik die raad nogtans gradering om produksie in sekere rigtings aan te moedig en daardeur prysneigings te bepaal. Dit bly nogtans die verbruiker se verantwoordelikheid om aan te dring op 'n spesifieke graad, homself deeglik te vergewis van wat daardie graad behels en om vas te stel of hy die graad kry waarvoor hy gevra het. As 'n verbruiker dus sou aandring op supergraad en sy spesifieke slagter hou dit nie aan nie, moet hy eenvoudig by 'n slagter gaan koop wat wel super aanhou

Waar enige verbruiker wanpraktyke kan identifiseer soos byvoorbeeld die wanvoorstelling van gradering, snitte en massa, moet sodanige praktyke, wat aan ernstige vervolging onderhewig is, by die Vleisraad aangemeld word en so 'n slagter kan selfs sy lisensie verloor.

## Bewys

Die Vleisraad glo egter dat die handel sy bemarkingstaak oor die algemeen bevredigend vervul en die bewys daarvoor is dat in 1977, toe die land feitlik geen toename in reële koopkrag gehad het nie, die land se slagters nogtans 3,5 persent meer beesvleis as in die vorige jaar verkoop het. Tot dusver beleef 1978 'n reële groei van 2,7 persent en het die land se slagters reeds 8,5 persent meer beesvleis in totaal as verlede jaar verkoop en spesifiek reeds 15 persent meer in die hoër grade. Dit weerlê die stelling dat slagters nie waar moontlik soveel as moontlik hoëgraadse vleis verkoop nie.

Die afgelope drie jaar het beesvleispryse vir die produsent afgeneem van 92,2 c/kg tot 92 c/kg, terwyl die prys vir die verbruiker oor dieselfde tydperk met net 18 persent gestyg het, teenoor 'n totale toename in lewensduurte in drie jaar van 40 persent. Die verlaagde tempo in toename van lewensduurte die afgelope agt maande kan in 'n groot mate toegeskryf word aan die stadige toename in die beesvleisprys vir verbruikers

Daarby sê dr Lombard dat volgens 'n ondersoek deur die Bemarkingsraad daar bewys is dat die netto wins in die groothandel 0,6 persent en dié van die kleinhandelslagter maar 1,7 persent op omset is, wat beslis nie as buitensporig beskou kan word nie

## Voordeel

Die vraag kan dan wel gestel word waarom die Vleisraad die produksie van hoëgraadse vleis aanmoedig as daar nou oorskotte is en geen beheer oor die kleinhandelverkope daarvan deur slagters nie. Volgens dr. Lombard is daar twee eenvoudige antwoorde hierop. Vir eers het rooivleis 'n groot voordeel in sy eetwaarde teenoor mededingende produkte Mense eet dus oor die algemeen rooivleis omdat dit lekker en gesond is en omdat hoëgraadse vleis noodwendig die lekkerste vleis is, is dit logies dat die produksie daarvan aangemoedig moet word ten einde die mededingende voordeel van die produk ten beste te benut.

Ten tweede, sê dr. Lombard, sal ons om meer vleis vir 'n steeds groeiende bevolking te verseker, noodwendig van intensiewe produksiemetodes gebruik moet maak, en hierdie metodes het noodwendig hoëgraadse vleis tot gevolg.

Die huidige oorskot van hoëgraadse vleis is 'n seisoenale verskynsel en ook die resultaat van 'n te vinnige ontwikkeling van die voerkraalbedryf. Oor die lang termyn kan Suid-Afrika met beperkte natuurlike weiding egter nie aan sy beesvleisbehoeftes voldoen sonder die voerkraalbedryf nie.

Dr. Lombard

FM 29/9/78 (186)

## IRVINE & JOHNSON

# Good prospects

**Activities:** *Fish and food processor and distributor South Atlantic, a member of Anglovaal group, owns 57% of the equity*

**Chairman:** *B E Hersov*

**Capital structure:** *28m ordinaries of 50c; 350 000 prefs of R2. Market capitalisation R21,8.*

**Financial:** *Year to June 30 1978 Borrowings: long and medium term, R7,3m, net short term, R1,6m Debt·equity ratio 24,3%. Current ratio· 1,9 Group flow: R6,1m. Capital commitments: R633 000*

**Share market:** *Price: 78c (1977-78· high, 81c; low, 36c; trading volume last quarter, 424 000 shares). Yields. 19,0% on earnings; 9,0% on dividend. Cover: 2,1. PE ratio: 5,3*

**The second-half** results were clearly a surprise to the market At end-December, when earnings were down 1c at 5c, the share was 50c and many believed an increased dividend was only a remote possibility

| | '75 | '76 | '77 | '78 |
|---|---|---|---|---|
| Return on cap % | 19,5 | 15,3 | 7,6 | 14,7 |
| Turnover (Rm) | 108,1 | 128,3 | 142,9 | 156,5 |
| Pre-tax profit (Rm) | 8,[illegible] | 7,3 | 3,3 | 7,2 |
| Gross margin % | 8,3 | 6,1 | 2,9 | 5,3 |
| Earnings (c) | 19,6 | 13,7 | 3,8 | 14,8 |
| Dividends (c) | 7,0 | 7,5 | 2,5 | 7,0 |
| Net asset value (c) | 140 | 149 | 150 | 152 |

But the second half produced earnings of 9,8c (loss of 2,2c) following rationalisation and improved profit margins for most products. As a result of these steps profit attributable to ordinary shareholders improved from R1,1m to R4,1m

Chairman Basil Hersov says in the annual report that if present trends continue, a further improvement can be expected again this year

The 200 nautical mile exclusive fishing zone implemented on November 1, 1977 and the subsequent departure of most foreign fleets should help the fishing resources to recover There is some evidence already that the "catch per unit of effort" has improved

The group bought two new trawlers, which brings the fleet up to the maximum allowed. I&J intends to maintain its place as "the most modern, largest and efficient deep sea fleet in the southern hemisphere."

Rationalising the processed food division during the past year produced results, but full benefits will only arise in the current year.

More efficient sales and distribution allowed the group to cut costs.

The improvement in the second half of the year applied to all the group's coastal fishing operations But the directors are concerned about the substantial drop in pilchard quotas and catches.

While the SA market share was maintained, export sales fell 43% because of fish scarcity. But higher prices offset most of this decline. In the food processing division canned vegetables operations saw lower sales and strong price competition. Other areas were better and 1978/79 should reap more benefits

The year ended with I&J's financial status much improved. Paying an average interest rate of 10,1% (8,4%) on loans of R10,2m (R11,5m), I&J reported a return on capital employed of 14,7% (7,6%) to pull the loan gearing back into positive territory

Short-term liquidity was almost unchanged despite a higher dividend payment and cash flow improved more than R1m to R6,1m In line with lower debt, and despite higher turnover, stock fell 16,7% to R17,5m, while ready funds

...oosted to R4,4m (R2,5m)

... shares stand at 78c on a PE of ...bout par for the industrial market, ...w relative to the food sector's 5,7 ...ividend yield is high relative to the ...t and the food sector, and the price ...% discount on net worth

...all goes according to plan there ... no reason why a higher dividend ...l not be declared this year There is ...arge market in the shares - only ... of the equity (or 1,6% of the effec... ...ssued shares taking away South ...'s stake) traded

... the prospects of a higher dividend ... the share attractive while longer-... he outlook also seems favourable

Des Kilalea

(186) FM 29/9/78

That SA's sugar millers have agreed to finance a National Productivity Institute survey of the milling industry so that they can keep the results to themselves rather than have government pay and the results published?

Table 3. (cont

| | | Total 1958- 1971 |
|---|---|---|
| 13. | Sugar Technology | 38 |
| 14. | Geology and Hydrology | 10 |
| 15. | Medical Laboratory Technology | 701 |
| 16. | Agriculture | 469 |
| | T O T A L | 5 275 |

Source: S.S. Terblanche, Tegnici in die RSA. (Human Sciences Research Council, Pretoria 1973)

The following table is another form of the above table.

Table 4. National Diplomas for Technicians awarded annually, 1958-1971.

| Year | Number |
|---|---|
| 1958 | 15 |
| 1959 | 46 |
| 1960 | 126 |
| 1961 | 242 |
| 1962 | 307 |
| 1963 | 294 |
| 1964 | 254 |
| 1965 | 313 |
| 1966 | 423 |
| 1967 | 356 |
| 1968 | 615 |
| 1969 | 691 |
| 1970 | 820 |
| 1971 | 773 |
| T O T A L | 5 275 |

Source: S.S. Terblanche, Tegnici in die RSA. (Human Sciences Research Council, Pretoria, 1973).

The average annual number of Diplomas awarded during the 10 years 1962-1971 was 485, or 651 during the five years 1967-1971. These numbers are over-shadowed by the number of graduates awarded degrees by our universities annually, (8 473 Bachelor degrees alone were awarded in 1973).1/ This points to a possible imbalance in the structure of South Africa's educational system.

1/ South African Institute of Race Relations, Survey of Race Relations, 1973, p. 334

# ROEPE

# „Kettings gaan nou te ver"

Deur DAVID MEADES

**SUID-AFRIKA se voedselvervaardigers is besig om 'n „gedragskode" te beplan wat hulle in staat sal stel om „die aanslag van die groot kettinggroepe in die klein- en groothandel op ons winsgrense" af te weer.**

*Hierdie ontwikkeling val ook saam met die aankondiging van die Minister van Ekonomiese Sake, mnr. Chris Heunis, dat die bedrywighede van die groot kettinggroepe ondersoek gaan word.*

'n Omvattende ondersoek deur Sake-Rapport die afgelope vier weke oor die voedselbedryf het onder meer aan die lig gebring dat:

- Ofskoon die reële besteding op kos die laaste jaar of wat gedaal het, die kettinggroepe deurgaans in staat was om baie sterk winsstygings te toon en steeds toon;
- Die kettinggroepe bo en behalwe die bedinging van pryse wat deur die verskaffer „tot op die been gesny word", daarna nog aandring op 'n vertroulike terugbetaling later, wat as 'n „confidential" bekend is en op omset bereken word,
- Feitlik alle vervaardigers by die kettinggroepe spanne werkers het wat die heeldag daar werk, maar deur die vervaardiger betaal word; en
- By verskaffers so 'n vrees vir die kettinggroepe bestaan dat niemand bereid is om amptelik oor hierdie praktyke te praat nie, in vrees dat hy „gestraf" sal word deurdat sy produkte van die rakke verwyder sal word

## Redelik

Die voedselbedryf is geweldig kapitaalintensief en kan redelik bestaan met lae winsgrense as dit gepaard gaan met 'n hoë volume omset wat taamlik groei

Die resessie-toestande van die laaste paar jaar het volumes op feitlik dieselfde vlakke gehou, terwyl daar selfs in sekere sektore reële dalings was.

In die meulenaarsbedryf is die gemiddelde opbrengs voor belasting op kapitaal byvoorbeeld tussen 15 en 18 persent, terwyl dit in die geval van kruidenierswarebedryf heelwat laer is

Daar is aan Sake-Rapport gesê dat die winsverklarings van hierdie maatskappye oor die volgende paar maande maar dopgehou kan word en dat gesien sal word dat hierdie opbrengste nog verder gedaal het.

wanneer die groot groepe mekaar met prysoorloë pak, „dit ons is wat daarvoor moet betaal," word gesê

Steun vir die verskaffers het ook vandeesweek uit die kleinhandel self gekom. Mnr Sidney Matus, uitvoerende direkteur van die Spar-organisasie, het vandeesweek by die NOBS-konferensie gesê dat daar 'n groot gevaar is dat 'n baie groot deel van die kleinhandel in kruideniersware in die hande van drie of vier groot groepe kan kom, teen wie se bedingingsvermoë fabrikante eenvoudig nie weerstand sal kan bied nie.

## Bekommerd

Mnr. Dan O'Riordan, voorsitter van die Vereniging van Kruideniersware-Vervaardigers, wou geen kommentaar oor praktyke in die bedryf lewer nie, maar gesê dat sy organisasie hoogs bekommerd is oor die dramatiese daling in hul winsgrense.

Ondanks die feit dat volumes die laaste paar jaar ongeveer dieselfde gebly het, het winsgrense vir die bedryf as 'n geheel 'n volgehoue daling getoon Talle vervaardigers teer nou hul kapitaal as die uitwerking van inflasie in aanmerking geneem word, sê hy

Die geweldige druk op winsgrense is dan ook besig om toekomstige uitreidings ernstig in die wiele te ry.

## Huisvrou

Maar intussen kondig die een groot kettinggroep ná die ander baie sterk stygings in wins aan en beloop die gemiddelde opbrengs tussen 30 en 40 persent en in sommige gevalle tot byna 50 persent.

Die verskaffers is baie ontevrede dat alle prysstygings altyd vir die huisvrou voorgehou word as synde van hulle afkomstig Wat die verbruiker ook nie besef nie, is dat elke keer

Ander groot verskaffers sluit hulle hierby aan en sê dat dit net eenvoudig vir hulle onmoontlik geword het om uit hul winste voorsiening te maak vir die vervanging van vaste bates.

Daar word gesê dat dieselfde soort ontwikkeling besig is om voedselvervaardigers in Brittanje op hul knieë te dwing. Die groot Spillers-bakkerygroep is gedwing om hom uit die broodbedryf te onttrek en 6 000 mense het hul werk verloor

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CONFIDENTIALS

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# Savage tells all

FM 20/10/78

**Tongaat food division chief Cedric Savage confirms that confidentials are paid to some supermarket chains. "We pay them," he says, "simply for the privilege of ensuring our lines remain on their shelves." He waves away cautions about being on-the-record: "Quote me. Any hint of retaliation and I'll go straight to (Economics Minister Chris) Heunis."**

A canny move. Heunis, about to investigate retail trading operations, can hardly overlook the confidentials system now that egg producers have brought the practice into the open. National Egg Producers' Co-operative (Nepco) chairman Marinus Oosthuizen said last week that the new organisation's members would not give in to demands for high discounts nor pay any more confidentials.

Until Nepco's defiance of the big chains the disgruntled suppliers merely murmured embarrassingly about confidentials while sending off their cheques in plain brown paper envelopes. Savage, a Nepco director, estimates egg producers pay R750 000 annually in confidentials. He is the first individual businessman among several heads of nationally known companies making strictly off-the-record protests to publicly kick against the system.

The big three retailers — Pick 'n Pay's Ray Ackerman, OK (MD Meyer Kahn) and Greatermans (Checkers) chairman Norman Herber — say they do not (*Business brief* September 29) use the term nor deal in confidentials. Payments made by suppliers *to* retailers are, they explain, additional discounts for achieving prenegotiated sales targets.

Sounds a fair enough arrangement. But, says Savage, "after 10 years in the business it doesn't quite work like that." In that time, and increasingly over the past five years, he says the pressure for confidential cheques has mounted. Even more disturbing are allegations that cash from confidentials goes into profits rather than into reduced prices to housewives.

Other suppliers, insisting thus far on anonymity, corroborate Savage's allegations of routine payments made simply to maintain access to supermarket shelf space. As a food supplier, much smaller than Tongaat, complained this week when asked by telephone if he had ever heard of confidentials: "I am actually calculating how much discount I can give and pay a 3% confidential. It's always 3%."

More fools they for paying up in the first place, one might argue. And Ackerman asserts that it is no more than good business always to negotiate the biggest discounts possible. In a free enterprise market who can gainsay him?

Confidentials, however, even when considered as an extra discount, target bonus or whatever, seem to be getting out of hand. What might have started as hard bargaining has evolved, at least in the eyes of suppliers who pay the confidentials, into an unfair practice by national retailers who hold the whip hand against people wary of protesting openly for fear of losing large and vital outlets.

Savage goes further by describing the buying power of major chains as a dangerous commercial oligopoly. "They have awesome buying power. For example, about 15% of our annual R18m food turnover comes through major outlets (Tongaat Group's total is R1[illegible]0m)."

## Sugar sale

Sugar giant Tate & Lyle plans to sell its last major investment in SA. Final terms of the sale, involving a 51% stake in African Products, have not yet been settled. Proposed buyer is Anglo American Industrial Corporation.

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FM 20/10/78

# Premier Mill growth record dented, Jabula slides

186 RDM 2/11/78

By ELIZABETH ROUSE

**THE PREMIER Milling group's excellent profit growth record has been spoilt, reflecting tough times in the food industry, whose chances of expanding sales are becoming slimmer.**

Premier Milling Company's interim results are disappointing for shareholders and directors, who predicted a modest profit rise this year

The 75%-owned subsidiary, Jabula Foods, has fared worse after forecasts of improved profitability

Premier Milling's taxed profit for the six months to September 1978 is down 20% to R9 152 000 from the 1977 half-year's R11 462 000 The interim dividend has been maintained at 15c on earnings of 35,6c a share, cutting cover to 2,37 from the 2,97 provided by the previous half-year's earnings of 44,6c.

Jabula's taxed profit has fallen by 30% to R411 000 from R646 000. The interim dividend has been cut by 2c to 18c, a relatively mild reduction because of the company's strong financial position

With earnings at 32,4c a share, cover is a slim 1,8 compared with the 2,5 provided by the 1977 half-year's earnings of 50,9c.

Prospects for Premier Milling are better than for Jabula Premier's chairman, Mr Joe Bloom, says in the interim report conditions are becoming more stable and severe pressures are being relieved The group has taken steps to remedy the situation and year-end profits should not differ much from last year's

This means he group expects earnings of around 85c a share and the dividend total should be maintained at 32,5c This will hardly improve the share's market rating, which has been declining because of the marginal 0,5c increase in the dividend last year

The share could came back from the current 615c where the dividend-yield is 5,3%

It seems a pity that Premier could not shake a small profit increase out of its 11% turnover rise to R375-million in the past six months from the 1977 half-year's R338-million.

Depreciation must have been kept high, which partly accounts for a 6,8% fall in operating profits to R22 080 000 from R23 693 000 But the main problems were overproduction, lack of demand in several sectors which put pressure on profit margins, particularly in the egg, feed and poultry divisions

The cost of financing higher turnover, which is largely attributable to administered price increases, also played an important part in depressing profit levels as these costs were absorbed by the group, says Mr Bloom

Interest charges climbed to R7 506 000 from R5 549 000 and no doubt the current ratio will be adversely affected at the year-end

But Premier remains on the expansion track with capital commitments of R6-million for the rest of the year Its diversification efforts — Exclusive Books was bought recently — might also help it back on the growth path

Jabula's diversifications, due to come on stream in the second half of the year, should contribute additional profits Every effort will be made to halt the downward trend, but no substantial improvement is foreseen in the short term, says Mr Bloom

Jabula not only encountered difficult trading conditions and mreased competition but had problems with its new Mahewu plant in Durban

The share is less volatile than Premier and the price has stuck at 700c, but there could be a downward reaction on poor prospects this year

## PREMIER MILLING FM 3/11/78

# First reverse (186)

**Excess capacity** in a number of the industries in which Premier is involved led to overproduction, squeezed margins and Premier's first earnings reverse in at least 14 years, in the six months to end-September.

While first-half sales advanced 11% to R375m (R338m), gross profits fell 7% to R22,1m (R23,7m). Due to increased borrowings, the interest bill rose 35% to R7,5m, leading to a 20% decline in pre-tax profits from R18,1m to R14,6m.

This is the fourth consecutive first half in which pre-tax margins have fallen. In 1975 they were 7,1%, 1976 6,1%, 1977 5,4% and now 3,9%. The tax rate continued to benefit by investment and export allowances and was almost unchanged at 35% (36%), with the result that the taxed profit and earnings declines, to R9,2m (R11,5m) and 35,6c (44,6c) respectively.

The group expects a better second half, and year-end profits "not materially different" from last year's. So the interim dividend has been maintained at 15c.

To equal last year's gross profit of R45,4m Premier must make R23,3m before interest and tax in the second half and to match last year's taxed profit of R21,9m, it must make R12,7m after tax in the second half — hard running.

Excess capacity and overproduction were particularly rife in the egg, feed and poultry divisions, while the oversupplied, price controlled margarine market has also not been wildly profitable. Higher administered prices do not seem to have helped maize and wheat milling profits, but only raised the cost of financing stocks and debtors, further depressing margins.

The new egg co-op will presumably bring substantial benefits in the second half, as will an upturn in consumer spending, if it comes.

The lower profits are despite huge capex in the past 18 months, which suggests a substantial decline in Premier's return on capital, which last year was down to 18% compared to 22,5% in 1975. Capex last year totalled R25m and capital commitments at the year end were R16,8m. Now they are down to R6m, suggesting another R10,8m has been spent this year. Against this, the rising interest cost is worrying.

Premier has too large a market slice already to benefit much by taking market share from others, and for real growth will have to wait for growth in its major industries. This should come in a consumer-led recovery and, because of the gearing effect of the high overheads carried, profits can be expected to rise quicker than sales once a recovery gets under way.

While capital commitments are at a recent low, there is a need to retain earnings for the repayment of borrowings. Better utilisation of capacity in a stronger demand situation would result in strong cash flow, diminish the need for ploughbacks and enhance dividend prospects. Premier can therefore be expected to maintain its dividend, although it is no foregone conclusion that it can hold earnings. At 615c, yielding 5,3% despite the recovery potential, it begins to look a little over rated.

*David Carte*

## STRIKES

# Going international

FM 3/11/78 186

For the first time, workers abroad have struck in support of demands for recognition by an unregistered SA black trade union. It could mean an entirely new ball game for multinationals operating in SA.

The strikes were called by the International Union of Food and Allied Workers (IUF) after multinational Unilever had resisted demands for recognition by the unregistered Sweet, Food and Allied Workers Union. They were part of a week of protest against Unilever organised by the IUF.

According to IUF general secretary Dan Gallin," solidarity strikes" took place at Unilever plants in seven countries. He is pleased with the success of the protest week: "IUF can already consider the action as extremely successful in terms of participation by affiliated unions. Never before has the international trade union-movement responded with such energy to a call for support on behalf of black workers in SA."

A spokesman for Unilever's London office tells the *FM* strike action took place in three countries — Sweden, Denmark and Finland. He says factories in these countries were brought to a standstill by the strikes, but has no figures on the number of man-hours lost.

The Unilever man describes the effect on the company as "trifling." Nevertheless, it is the first time that multinationals operating in SA have faced strike action over their attitude to black unions here.

More could be in the offing. Says Gallin: "It is an unprecedented event in labour history and leaves no doubt about the determination of the union movement not to tolerate practises by multinationals denying their employees basic rights"

Certainly few in SA believed that overseas unions would go as far as strike action in support of SA black unions. The strikes are hardly likely to cripple Unilever — but the fact that they got off the ground is still a disquieting thought for multinationals in SA who are opposed to dealing with unregistered unions.

Meanwhile, Unilever's London office tells the *FM* the strike action was based on a "considerable lack of information" about the firm's SA labour practises. He says Unilever is prepared to recognise the union if it has "substantial" worker support and that this "does not necessarily mean 50%."

Up to now, local management has indicated that it is loath to recognise the union unless it represents more than 50% of the workforce.

# Processed meat price rockets by 14 pc

3/11/78 Cit

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Own Correspondent

DURBAN — The price of processed meat products, including bacon, sausages and polonies, has been increased by an average of about 14 percent by major manufacturers.

This is in spite of a fall in the ordinary meat price.

This was revealed here today by a spokesman for Spar's independent wholesalers, who said he had been notified of the increases by two leading processors, Baynesfield and Renown.

"The increase is right across the whole range of meat products. The wholesale price of pork sausages, for instance, is up from 82c to 93c for 500 g, while polony jumps from R1,46 to R1,58, and the hike includes bacon, pork products, frankfurters and viennas, the more popular lines.

## COST MORE

"With the announcement yesterday that the national egg producers' co-operative is to increase the price of eggs by 2c a dozen, a breakfast of bacon and eggs is going to cost a whole lot more," he said.

The spokesman said he could not see the justification for the processed meat increases, especially as the price of meat had come down, and not gone up.

The new prices for eggs announced by Nepco for the large chain group are 60c a dozen for extra large, 57c for large and 54c for medium.

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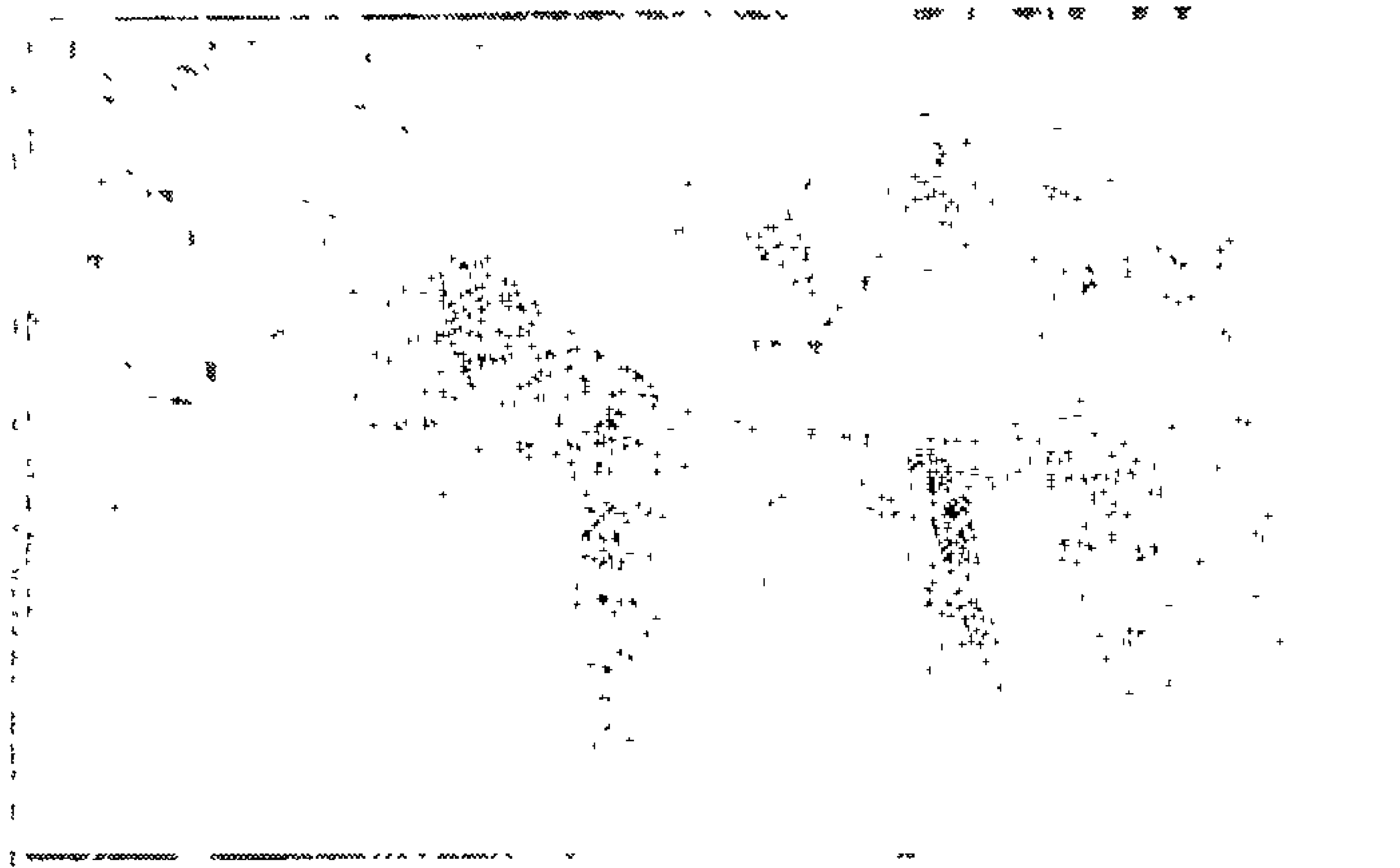
# Meat hawkers to go?

**Indaba Reporter**

MDANTSANE — Meat hawkers, already part of the daily life of Mdantsane, may disappear soon if a decision by the Mdantsane Township Council not to give any stalls to them is carried through.

This would mean some action would be taken against meat hawkers who continued to run their businesses on the main bus terminal after the stalls have been occupied.

The decision by the council was taken in terms of the Meat and Livestock control regulations which stipulate that special permits have to be obtained for selling meat.



It's hot weather and the average hawker provides some cover for her products so that the sun does not do more than reasonable damage in the absence of refrigeration equipment.

At least 40 beasts and 20 sheep are slaughtered on neighbouring farms to be sold in Mdantsane every week. This is apart from the meat sold in the five butcheries in the township

Vendors to be considered for stalls are those who sell vegetables and fruit and some allocations have been made to those who applied for stalls earlier

But they do not seem keen to take over the stalls because of high rentals

Although no official statement has been issued on how much the holders of stalls will have to pay, it is believed rentals would be between R25 and R30 a month

"We will only take up the stalls if the rentals do not exceed R5 a month," said one vegetable vendor

Mrs G Potwana, one of the meat vendors, said she saw no reason why they should not be given priority to rent some of the stalls

She argued that since vegetable vendors were not keen to take up the stalls they should be leased out to people who wanted to use them

Mr Sonwabo Giyana, 21, said he was aware his meat trade was not legal.

**EXAMINED**

"The meat we sell is not medically examined but people buy it because it is clean and fresh," he said

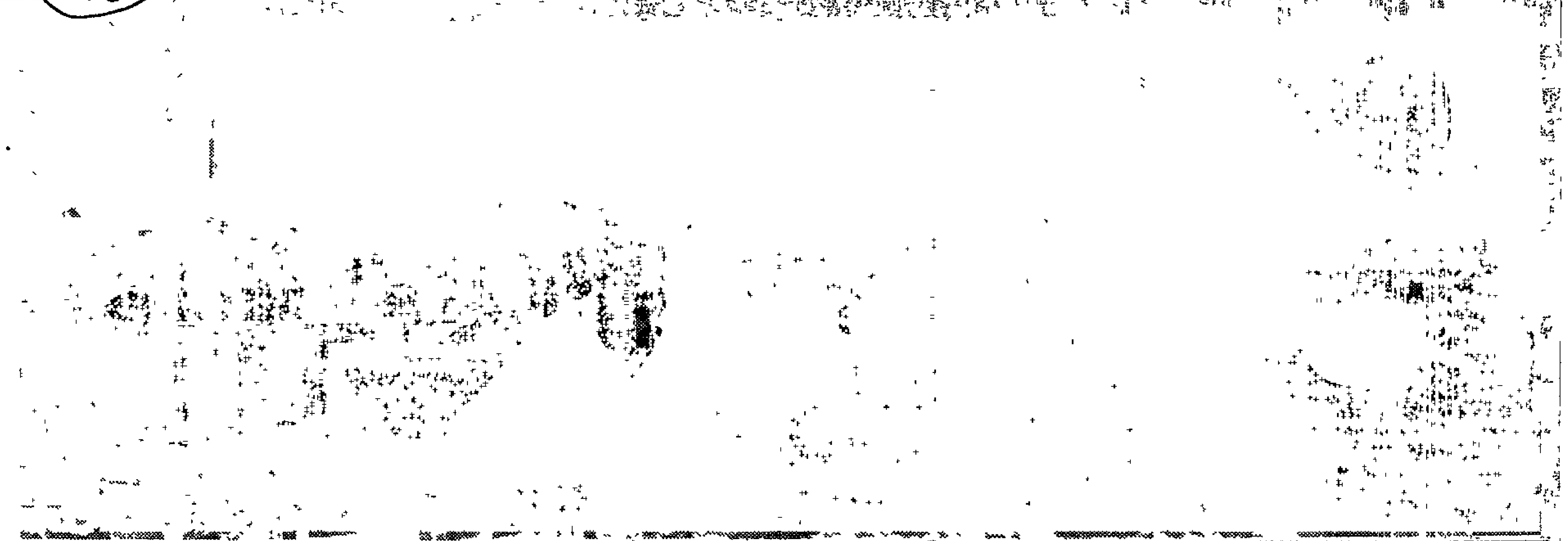
He had heard they were going to be arrested by police for selling the meat.

"Even if this happens we shall continue selling meat even if it is from our homes. After all some of us have been in this trade for more than ten years," he said

Some residents, however, feel the meat vendors are an eyesore at the terminal although they get much support from the public.

They have been raided by police in the past and some of the meat confiscated by the raids were stopped when the vendors appealed to the Ciskei Government

Police in Mdantsane



Kilos and kilos of meat exposed to all types of weather but displayed to attract customers at Mdantsane's Highway bus terminal. At least 40 beasts are slaughtered every week to supply residents.

At a butcher shop he would probably be a blockman but Mr Giyana uses a hacksaw to prepare special cuts for his customers.

Ciskei police headquarters in Zwelitsha where the commissioner, Col M Saunders, was not available for comment.

# Stalls contract shelved

**Indaba Reporter**

MDANTSANE — A suggestion by the manager, Mr I. Balk, that the Mdantsane Special Organisation builds vegetable stalls at the main bus terminus here at a cost of R3 500, was shelved by the Mdantsane Council pending a decision of the Ciskei Department of Interior.

Mr Balk, proposed in a letter the stalls be built and be repayable through rentals at approximately R25 a month

Councillor M. Fikelepi suggested the contract to build the stalls should be given to the Ciskei Builders Association because they were a black organisation and if the money to repay this contract was to come from the council's coffers, it was only wise to support other blacks

The chairman of the council, Councillor G. Mpepo, said before they could offer the contract to the Ciskei Builders Association, it would be wise to refer the proposition to the Ciskei Government.

Councillor B. Mashiyane said he supported Mr Fikelepi's suggestion, as the council could not allow black money to go to white pockets. He suggested that the Ciskei Department of Interior be informed about these intentions and that the suggested sum of R25 for rental was high. It should be reduced, he said.

Discussing the existing stalls, Mr Mpepo said the vegetable vendors who bought in bulk complained that the stalls were too small for their produce. They had, however got a list of other vegetable vendors who were prepared to occupy the stalls as they had less bulk.

The council asked Councillor J.K. Mangala to approach the vendors and get a list so as to lease the stalls as soon as possible

FM 10/11/78

# ANGLOVAAL

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*Chairman's review*

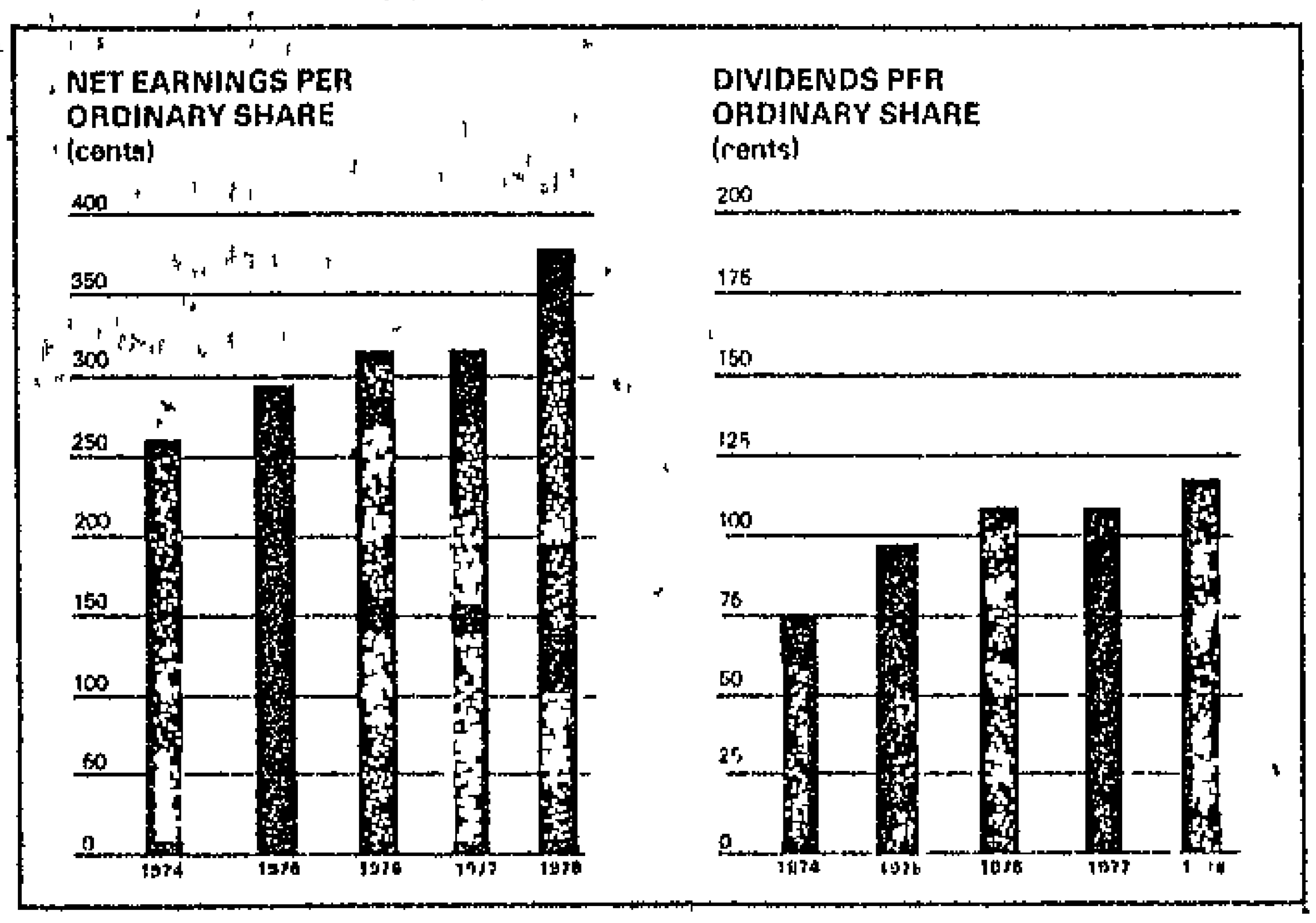
## Better S. A. business climate, but caution needed; foreign investment an important element - Mr Basil E. Hersov

In reporting to shareholders on the Group's results in the past year, I feel it is again imperative to comment on the social, political and economic climate in which our Group is operating. The more confident mood concerning the present state of the South African economy which is currently being conveyed through the media needs tempering. Inevitably present attitudes tend to reflect the immediate past. Certainly the present business climate is more healthy than it was a year ago due in part to the very much higher price received for our gold. However, there will have to be a resumption of the traditional major foreign inflows of capital before we can expect the higher levels of increase in gross national product necessary to create sufficient employment opportunities for the increasing population.

Since the serious unrest in black townships in mid-1976, foreign capital inflows have reduced dramatically. In fact during last year there was a net outflow of capital and South Africa has had to live off its balance of payments current account and to look to its own savings for investment and economic growth. Thus, although we can hopefully expect some growth in the immediate future, it will not compare with the growth we could experience if we could attract new foreign capital into our country at a rate comparable to that of the past. The solution to this, is of course as much political as economic in nature. This country has tremendous potential in the reserves of manpower and natural resources – however, this potential can only be released if there is a marked reversal of the trend towards confrontation at home and abroad.

In this context it is important to note recent statements by Government and business leaders which recognise the need for the elimination of racial discrimination in our society. If such statements are going to lead to more than merely pious hopes, urgent and major adjustments are necessary. Within our own Group, following a policy statement by the Board of Directors in June 1973, chief executives have been set objectives in the field of non-discriminatory employment policies and a programme for the attainment of a unified labour policy for all employees. These objectives embrace levels of remuneration, labour stability and motivation, training, effective communication systems, and increased involvement in employees' social problems outside the work environment.

Naturally such a programme involves changes, often considerable ones, in the way we structure our employment practices. We have found over the years that the implementation of a policy in a way and at a pace equitable to all employees, white and black, as well as to the needs of the individual organisations in our Group is far from easy. Nevertheless, substantial progress has been and will continue to be made as we are constantly monitoring progress against our objectives.




The difficulties are of course not merely company or Group problems but national ones and must be dealt with on several fronts. It is certainly encouraging that important commissions under Prof Wiehahn and Dr Riekert are examining some vital elements of these problems and we look forward with keen anticipation to the results of their investigations and recommendations. It is not only through the re-structuring of company personnel policies nationally and the improvement of educational and training facilities, but also through the vital area of changes in legislation, and negotiation with employee organisations that discriminatory economic barriers will be reduced.

### Financial results

The consolidated taxed profit for the year ended 30 June 1978 attributable to members was R16 171 000 compared with R13 475 000 last year and net earnings per ordinary share increased by 20 per cent to

| | Company 1978 | Company 1977 | Consolidated 1978 | Consolidated 1977 |
|---|---|---|---|---|
| Profit after taxation | R9 107 000 | R8 109 000 | R33 101 000 | R27 077 000 |
| Dividends paid | R5 259 000 | R4 837 000 | R5 171 000 | R4 756 000 |
| Earnings per ordinary share* | 204 cents | 181 cents | 381 cents | 318 cents |
| Dividends per ordinary share | 115 cents | 105 cents | 115 cents | 105 cents |
| **Investments** | | | | |
| Listed | | | | |
| Book value | R37 644 000 | R35 01[illegible] 000 | R40 542 000 | R37 900 000 |
| Market value | R92 232 000 | R76 328 000 | R112 795 000 | R92 972 000 |
| Unlisted | | | | |
| Book value | R12 905 000 | R12 730 000 | R20 670 000 | R20 766 000 |

*Note Earnings per share exclude the results of mining subsidiaries and extraordinary items

381 cents per share. The Company's own earnings were 204 cents per share, an increase of 13 per cent over last year and the ordinary dividend was increased by 10 per cent from 105 cents to 115 cents per share. As at 30 June 1978 the net asset value per ordinary share was 3 772 cents per share (1977 – 3 211 cents per share).

The increased earnings this year were mainly attributable to higher dividend income from the Group's mining investments and to the improved results of certain of the industrial companies, in particular, Irvin & Johnson Limited and Consolidated Glass Works Limited.

### Investments

During the year under review there was an increase in the market value of the listed shares in the Company's portfolio which at the year end was worth R92 232 000 compared with R76 328 000 at the end of the previous financial year. The book value of the listed shares was R37 644 000 and the book value of unlisted investments R12 905 000. As at 5 October 1978 the market value of listed investments had risen to R104 670 000.

### Future prospects

Financial results in the current year ending 30 June 1979 so far indicate improvements in most Group companies. Consequently, subject to the usual provisos on the uncertainties of world metal and mineral prices and no serious deterioration in the South African business climate, the Group's profits this year will again increase.

Basil Hersov

6 October 1978

# Extracts from the Directors' report

## Financial

The Company earned a profit after taxation of R9 107 000 compared with R8 109 000 for the 1977 financial year Consolidated profit after taxation attributable to members increased by R2 696 000 to R16 171 000 despite the difficult trading conditions which were encountered in most sectors of the economy in which the Group companies operate The Company's interest in the profits of its mining subsidiary, Prieska Copper Mines (Proprietary) Limited, is not included in the consolidation

The profit after taxation attributable to members was earned from the following classes of business

| | Consolidated 1978 % | 1977 % |
|---|---|---|
| Gold and uranium | 30 | 21 |
| Other minerals and metals | 18 | 25 |
| Food and packaging | 26 | 23 |
| Building and allied industries | 2 | 2 |
| Engineering | 9 | 15 |
| Other industrial interests | 14 | 12 |
| Financial | 1 | 2 |

## Investments

During the year the Company and Middle Witwatersrand (Western Areas) Limited subscribed for a further 3 117 094 6% loan notes of 50 cents each at par in Prieska Copper Mines (Proprietary) Limited Anglo-Transvaal Industries Limited acquired a 51 per cent holding in Tristel Holdings (Proprietary) Limited and disposed of its holding in Decorative Boards (Proprietary) Limited James Brown and Hamer Limited disposed of its holding in Broderick Investments Limited

## Mining investments

### MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED

*Mining exploration, finance and investment company*

| From consolidated financial statements | Year ended 30 June 1978 R000 | 1977 R000 |
|---|---|---|
| Turnover | 4 900 | 3 966 |
| Profit after taxation | 3 894 | 2 921 |
| Earnings per share, | | |
| including profit on realisation of investments | 38,9 cents | 28 9 cents |
| excluding profit on realisation of investments | 36 2 cents | 27,5 cents |
| Dividend per share | 25,0 cents | 22,5 cents |

Increased dividends from gold mining investments accounted for most of the increase in profits As at 6 September 1978 the market value of listed investments had risen to R59 026 000 against R52 624 000 at 30 June 1978

### HARTEBEESTFONTEIN GOLD MINING COMPANY LIMITED

*Gold and uranium producer*

| | Year ended 30 June 1978 R000 | 1977 R000 |
|---|---|---|
| Turnover | 161 074 | 111 89[illegible] |
| Profit after taxation | 43 614 | 23 110 |
| Earnings per share | 283 cents | 138 cents |
| Dividend per share | 250 cents | 135 cents |

Principally because of higher prices received for gold sold, after-tax profit increased from R23 000 000 in 1977 to R44 000 000 in 1978 and dividends totalled 250 cents per share compared with 135 cents per share paid in the previous year Uranium plant capacity is being increased by about 20 per cent in order to treat accumulated slimes and production should commence within two years Construction work on the 140 000 ton per month sulphuric acid plant is well advanced and it is expected to be operational in 1979 some nine months ahead of schedule Capital expenditure for the current year will be at a high level, but could be partly financed by uranium consumer loans arising from additional sales contracts being negotiated Results for the 1979 financial year depend on the gold price, the rate of inflation and the mine's ability to contain costs and increase productivity

### ZANDPAN GOLD MINING COMPANY LIMITED

*Investment company*

| | Year ended 30 June 1978 R000 | 1977 R000 |
|---|---|---|
| Turnover | 5 5[illegible]5 | 2 993 |
| Profit (no tax payable) | 5 442 | 2 815 |
| Earnings per share | 41,8 cents | 21,85 cents |
| Dividend per share | 41,5 cents | 22 cents |

The company's main asset, its shareholding in Hartebeestfontein Gold Mining Company, Limited, remained unchanged Dividends received from Hartebeestfontein during the financial year were at a higher rate, enabling payments totalling 41,5 cents (1977 – 22 cents) per share to be made to members

### LORAINE GOLD MINES LIMITED

*Gold producer*

| | 9 months to 30 June 1978 (unaudited) R000 | Year ended 30 September 1977 R000 |
|---|---|---|
| Turnover | 29 617 | 31 956 |
| Profit (no tax payable) | 2 250 | 2 561 |
| Earnings per share | 12,2 cents | 0,3 cents |

Grade declined from 6,7 grams per ton in the 1977 financial year to an average of 5,8 grams per ton for the 9 months to June 1978 and tonnage milled was lower than had been expected Costs per ton milled for the 9 months to June 1978 were R32,80 compared with R26,70 for the corresponding period in 1977 The company's long-term objective remains the gradual transference of operations from the Elsburg reefs which have a limited life, to the Basal and 'B' reefs

### EASTERN TRANSVAAL CONSOLIDATED MINES LIMITED

*Gold mining, farming and forestry company*

| | Year ended 30 June 1978 R000 | 1977 R000 |
|---|---|---|
| Turnover | 11 174 | 8 024 |
| Profit after taxation | 3 047 | 1 694 |
| Earnings per share | 35 cents | 25 cents |
| Dividend per share | 35 cents | 25 cents |

Increased prices for gold sold by the mine resulted in a pre-tax profit of R4 670 000, the highest earned in the company's history Dividends totalling 35 cents (1977 – 25 cents) per share were paid

### VILLAGE MAIN REEF GOLD MINING COMPANY (1934) LIMITED

*Gold producer*

| | Year ended 30 June 1978 R000 | 1977 R000 |
|---|---|---|
| Turnover | 2 872 | 733 |
| Profit after tax (loss) | 620 | (575) |
| Earnings per share | 10,2 cents | — |

# Extracts from the Directors' report (continued)

The net profit of R620 000 resulted from a considerable increase in the amount of gold produced sold at higher prices. Approximately 216 000 tons of calcines were treated at an average head value of 3,7 grams per ton and an average recovery of 72 per cent. At the current rate the treatment of the calcines available to the company will be completed during the second half of 1979. The economic feasibility of treating two sands dumps situated some three kilometres from the reduction works is being re-assessed.

**RAND LEASES (VOGELSTRUISFONTEIN) GOLD MINING COMPANY LIMITED**
*Gold mine (dormant)*

The company continues to hold its mining title and various rights to precious metals, but there is still no likelihood of it resuming mining operations on its own account despite recent increases in the gold price.

**PRIESKA COPPER MINES (PROPRIETARY) LIMITED**
*Producer of copper, zinc and pyrite concentrates*

| | Year ended 30 June 1978 R000 | 1977 R000 |
|---|---|---|
| Turnover | 51 718 | 61 372 |
| Profit (no tax payable) | 5 987 | 13 667 |

The predicted low level of metal prices throughout the year was partially offset by an outstanding production performance by the mine. A record 3 062 000 tons of ore were milled during the year and zinc and copper concentrate production benefited accordingly. Nevertheless, the operating profit of R7 260 000 was just under half that of the previous year. Interest, loan repayments and capital expenditure absorbed all of this and the injection of further funds by way of an additional Note issue was necessary to preserve the company's liquidity. Although the company now has a relatively sound liquid position, internal cash resources may well be insufficient to meet anticipated capital expenditure of R7 000 000 and loan repayments of R5 700 000 during the current financial year unless there is a marked increase in zinc and copper metal prices.

**THE ASSOCIATED MANGANESE MINES OF SOUTH AFRICA LIMITED**
*Producer of manganese and iron ores and manganese and chrome alloys*

| From consolidated financial statements | 6 months to 30 June 1978 (unaudited) R000 | Year ended 31 December 1977 R000 |
|---|---|---|
| Turnover | 55 501 | 83 170 |
| Profit after taxation | 12 283 | 18 136 |
| Earnings per share | 118 cents | 315 cents |
| Dividend per share | 30 cents | 105 cents |

Reduced demand in 1977 arising from the depressed state of the overseas steel industries resulted in shipments of manganese ore being somewhat lower than in the previous year, while those of iron ore were substantially lower. The programme of expanding the ferro-alloy production capabilities of the company's subsidiary, FERALLOYS LIMITED, was successfully completed but, because of weak ferro alloy demand and adequate stocks, production from some of the smaller furnaces was temporarily suspended. As a result of these factors the company's operating profit was R17 942 000 compared to R18 637 000 in 1976, while at Feralloys the operating profit dropped to R4 100 000 in 1977 from R11 049 000 in 1976. Capital expenditure to expand the company's iron ore production capabilities and to establish new and larger manganese mines as replacements for two smaller mines whose reserves are nearly depleted amounted to R8 812 000 (1976 – R4 268 000). At Feralloys R9 875 000 (1976 – R10 246 000) was spent on completing the expansion programme initiated some two years ago. Capital expenditure during 1978 on the company's mines and at Feralloys is estimated at R8 000 000.

**CONSOLIDATED MURCHISON LIMITED**
*Producer of antimony concentrates*

| | 6 months to 30 June 1978 (unaudited) R000 | Year ended 31 December 1977 R000 |
|---|---|---|
| Turnover | 5 082 | 17 778 |
| Profit after taxation (loss) | (740) | 3 246 |
| Earnings per share | — | 30 cents |
| Dividend per share | — | 30 cents |

Consumer demand for antimony concentrates decreased sharply during the second half of 1977 with the result that sales for 1977 dropped to 16 343 tons compared to 28 693 tons in 1976. Working profit for the year ended 31 December 1977 was R8 592 000 (1976 – R11 976 000) and capital expenditure R2 003 000 (1976 – R2 142 000). The results for the first half of 1978 were adversely affected by reduced sales, aggravated by delayed shipments due to the temporary closure of the Antimony Products (Proprietary) Limited's oxide plant.

**ANGLO-TRANSVAAL COLLIERIES LIMITED**
*Investment company*

| | Year ended 30 June 1978 R000 | 1977 R000 |
|---|---|---|
| Turnover | 832 | 826 |
| Profit after taxation | 791 | 225 |
| Earnings per share | 47,6 cents | 12,2 cents |
| Dividend per share | 43 cents | 12 cents |

Higher dividends received from the company's investment in Witbank Colliery Limited caused income to rise from R826 000 in 1977 to R832 000 in 1978. Profit after tax amounted to R791 000 (1977 – R225 000) and dividends of 43 cents (1977 – 12 cents) per ordinary share were paid. A scheme modifying the rights attaching to preference shares and converting the 6% cumulative preference shares to participating cumulative preference shares was ratified by the required majority of ordinary and preference shareholders. Further litigation is pending in this connection.

## Industrial investments

**ANGLO-TRANSVAAL INDUSTRIES LIMITED**
*Industrial investment and finance company*

| From consolidated financial statements | Year ended 30 June 1978 R000 | 1977 R000 |
|---|---|---|
| Turnover | 431 736 | 441 632 |
| Profit after taxation | 22 002 | 17 62 |
| Earnings per share | 87 cents | 70 cents |
| Dividend per share | 20 cents | 19 cents |

Intense competition was encountered by most of the Group's industrial companies in their fields of activity. Despite these conditions, the consolidated pre-tax profit increased by R5 033 000 to R33 572 000. This improvement stems from the fact that management took the opportunity whilst the economy was operating at lower levels to re-assess the efficiencies of their companies and to streamline their organisations to deal more effectively with the reduced markets and lower volumes of available work. In the present climate it is expected that there will be a further improvement in profitability during the current year.

**SOUTH ATLANTIC CORPORATION LIMITED**
*Industrial investment company*

| From consolidated financial statements | Year ended 30 June 1978 R000 | 1977 R000 |
|---|---|---|
| Turnover | 250 137 | 261 984 |
| Profit after taxation | 9 168 | 7 505 |
| Earnings per share | 44 cents | 33 cents |
| Dividend per share | 16 cents | 16 cents |

The past year has been one of mixed fortunes for the companies in the South Atlantic Corporation group, with gains outweighing profit reductions. Although this group of companies continues to face many problems, it is in a stronger financial position than ever before. The activities of the group's subsidiaries, Irvin & Johnson Limited, T W Beckett and Company Limited, Globe Engineering Works Limited, Concentra Limited and Food Corporation (Proprietary) Limited, are reviewed below.

**IRVIN & JOHNSON LIMITED**
*Food processors and distributors*

| From consolidated financial statements | Year ended 30 June 1978 R000 | 1977 R000 |
|---|---|---|
| Turnover | 156 511 | 112 970 |
| Profit after taxation | 4 448 | 1 745 |
| Earnings per share | 15 cents | 5 cents |
| Dividend per share | 7 cents | 2,5 cents |

Fish catches and volume sales were at approximately the same level as the previous year. However, as a result of better realisations and cost containment, the taxed profit increased by 155 per cent to R4 448 000. The ordinary dividend was increased to 7 cents per share (1977 – 2,5 cents per share). Since the end of the financial year, the beneficial effects of the extension of the exclusive fishing zone, effective from 1 November 1977, have started to show, but the proportion of small fish in the improved catches still gives some cause for concern. The processing of frozen vegetables and pastry products has been consolidated in the Springs factories and although results were adversely affected by poor crop yields, further measures have been taken to ensure adequate contract plantings for the immediate future.

**T W BECKETT AND COMPANY LIMITED**
*Packers and distributors of tea and coffee*

| From consolidated financial statements | Year ended 30 June 1978 R000 | 1977 R000 |
|---|---|---|
| Turnover | 54 209 | 48 394 |
| Profit after taxation | 2 227 | 2 642 |
| Earnings per share | 37 cents | 44 cents |
| Dividend per share | 15 cents | 14 cents |

A difficult year was experienced by all the major packers of tea and coffee in South Africa and whereas in recent years raw material price increases were encountered, the past year has shown both upward and downward fluctuations. The continuing high prices both for tea and coffee have resulted in a drop in total consumption and in such circumstances the reduction in profit was unavoidable.

**CONCENTRA LIMITED**
*Producers of white fishmeal*

Better realisations on the company's sale of fishmeal both locally and in the export market resulted in an improved profit after taxation to R323 000 (1977 – R290 000).

**FOOD CORPORATION (PROPRIETARY) LIMITED**
*Manufacturers and distributors of foodstuffs*

The completion of the move of all manufacturing operations to the Wadeville factory has brought about higher efficiencies and plant utilisation, so that a modest profit before taxation of R138 000 was achieved, compared with an approximate break-even for the eight month period from the date of South Atlantic Corporation's acquisition of this investment to 30 June 1977. Improved results are expected in the coming year.

**GLOBE ENGINEERING WORKS LIMITED**
*Marine, electrical and general engineering*

| From consolidated financial statements | Year ended 30 June 1978 R000 | 1977 R000 |
|---|---|---|
| Profit after taxation | 1 904 | 3 002 |
| Earnings per share | 48 cents | 60 cents |
| Dividend per share | 20 cents | 20 cents |
| Bonus dividend | 5 cents | — |

Results for the current year are not comparable with those of the previous year as the latter includes the profit of Broderick Investments Limited, which was disposed of during the year, as well as an exceptional profit earned on a long-term demolition and salvage contract. All group companies experienced difficult trading conditions with ship repair being particularly hard hit primarily due to the very depressed international shipping conditions currently prevailing. No shipbuilding orders were received by JAMES BROWN & HAMER LIMITED and ship repair profit declined. The industrial division, however, operated satisfactorily with the machine shop increasing its profit contribution materially. SHIPWRIGHTS AND ENGINEERS HOLDINGS, LIMITED had to contend with low volumes of work and depressed profit margins. Some relief, however, was obtained from improved opportunities in the mining sector in the north-western Cape and South West Africa. Conditions in the ship repair industry are not expected to improve in the short-term and the group will be more dependent than in the past on industrial developments to provide opportunities for improving profit.

**CONSOLIDATED GLASS WORKS LIMITED**
*Manufacturers of glass and plastic containers and allied products*

| From consolidated financial statements | Year ended 30 June 1978 R000 | 1977 R000 |
|---|---|---|
| Turnover | 70 800 | 70 900 |
| Profit after taxation | 5 312 | 4 122 |
| Earnings per share | 86 cents | 66 cents |
| Dividend per share | 27 cents | 24 cents |

The depressed economy contributed to a further decline in sales volumes, but with a favourable sales mix and higher selling prices, turnover was maintained. Further gains in productivity, cost containment and substantial interest savings contributed to the improvement in profit. Whilst there are as yet no indications of an improvement in demand, it is anticipated that the past year's profit performance will at least be maintained.

**NATIONAL BOLTS LIMITED**
*Manufacturers of industrial fasteners*

| From consolidated financial statements | Year ended 30 June 1978 R000 | 1977 R000 |
|---|---|---|
| Turnover | 30 716 | 31 837 |
| Profit after taxation | 1 6?6 | 1 140 |
| Earnings per share | 34 cents | 25 cents |
| Dividend per share | 14 cents | 10 cents |

Demand for standard fasteners improved somewhat during the year, but the continued restrictions on public sector expenditure further reduced sales of non-standard fasteners and group turnover declined marginally. The completion of the production centralisation programme at Boksburg, together with further labour complement reductions, resulted in substantial cost savings and an improved profit. The full benefit of rationalised manufacture will be realised during the current year and, under present conditions, an improvement in profit is expected.

**STEELMETALS LIMITED**
*Engineering suppliers and contractors*

| From consolidated financial statements | Year ended 30 June 1978 R000 | 1977 R000 |
|---|---|---|
| Turnover | 26 700 | 32 203 |
| Profit after taxation | 1 014 | 1 525 |
| Earnings per share | 18 cents | 72 cents |
| Dividend per share | 17,5 cents | 27,5 cents |

With an improved demand towards the end of the year, marketing divisions in both the capital and non capital goods sectors increased turnover and profit contribution above the levels of the previous year. This higher profit was, however, more than offset by a loss incurred by

# Extracts from the Directors' report (continued)

the tubes contracting division This was primarily caused by factors beyond the division's control A deferred contract should be closed in the current year and contracting operations should again become profitable Whilst marketing activities have shown a welcome upturn over the past few months, they remain highly sensitive to general economic conditions

**CLAUDE NEON LIGHTS (S A ) LIMITED**
*Manufacturers and lessors of advertising signs*

| From consolidated financial statements | Year ended 30 June 1978 R000 | 1977 R000 |
|---|---|---|
| Profit after taxation | 996 | 611 |
| Earnings per share | 17 2 cents | 10 5 cents |
| Dividend per share | 6 cents | 5 cents |

Competition from commercial television and the restrictive interpretation of legislation governing sign sites resulted in a further decline in the sale of new signs and, in order to counter the adverse effects thereof, sales effort was concentrated on the renewal of existing sign rental contracts nearing expiry The success of this action, together with a substantial saving in interest charges resulting from the reduced level of borrowings, were the major factors accounting for the 62 per cent increase in taxed profit As a result of the decline in the value of sign rental contracts, profit in the new year is expected to be at a lower level

**DENVER METAL WORKS (PROPRIETARY) LIMITED**
*Producers of non-ferrous castings, extrusions and stampings*
The ongoing depressed conditions in the building and engineering sectors again reduced offtake of brass and copper products, but demand for bronze products remained firm With the overall reduction in throughput and continued cost escalations, consolidated taxed profit declined from R1 027 000 in 1977 to R879 000 in 1978

**E L ROGOFF LIMITED**
*Indent sales agents and distributors*
A change in the basis of accounting for commission revenue had the effect of reducing pre-tax profit by R63 000 After providing for taxation in the profitable subsidiary companies, a consolidated taxed loss of R95 000 (1977 – R125 000) was recorded The company has lost a number of major agencies following decisions by those principals to open their own sales offices This will have an adverse effect on results and the expected return to an acceptable level of profitability is unlikely in the short term

**SOUTH AFRICAN FINE WORSTEDS (PROPRIETARY) LIMITED**
*Manufacturers of fine quality worsted cloth*
A continuation of aggressive marketing coupled with higher plant efficiencies and higher output resulted in an increase in the after-tax profit to R1 137 000 (1977 – R1 093 000) Demand for the company's products is still taking up its full production capacity and plans are being made for further expansion in the next few years Profit improvement is therefore expected to continue

**TRISTEL HOLDINGS (PROPRIETARY) LIMITED**
*Steel merchants*
A 51 per cent interest in this company was acquired in October 1977 and the taxed profit was R414 000 The company has increased its share of the local and overseas markets and both turnover and profit improved markedly during the past year. A further increase in profit is expected in the new year, but in the absence of a strong recovery in the economy, growth is likely to be less rapid than in the past

**COMBINE CARGO LIMITED**
*Clearing, forwarding, ships agency and travel group*
Although the principal operations of the company reflected a satisfactory growth pattern, its consolidated results were affected by the results of the travel subsidiary and a consolidated loss of R59 000 for the year ended 30 June 1978 was recorded With a gradual but positive penetration of its market, a consolidated profit is expected during the current year

**ANGLO-ALPHA CEMENT LIMITED**
*Cement, stone and lime producer*

| From consolidated financial statements | Year ended 30 June 1978 R000 | 1977 R000 |
|---|---|---|
| Turnover | 116 226 | 132 10[illegible] |
| Profit after taxation | 5 585 | [illegible] |
| Earnings per share | 18,6 cents | 24,4 cents |
| Dividend per share | 13 cents | [illegible] cents |

The demand for the group's products remained weak the main reason for operating profits falling below last year's level The decline in consolidated turnover was also affected by the group reducing its interest in Parem Enterprises (Proprietary) Limited from 72 per cent to 50 per cent with effect from 1 July 1977 The results of that company have, therefore, not been consolidated for the period under review Local demand for cement decreased by 8 per cent but total cement sales increased due to exports Export revenue, however, yields only marginal returns Profitability in the cement division improved towards the end of the period following an increase in the controlled selling price of cement Group profits were adversely affected by poor results in certain of the Hippo Holdings operations which are being restructured and should show improved performances Any improvement in demand from the building industry is expected to be gradual with demand continuing at a low level at least until the end of the year

# ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY, LIMITED

| REGISTERED OFFICE: | LONDON SECRETARIES: |
|---|---|
| ANGLOVAAL HOUSE, | ANGLO-TRANSVAAL TRUSTEES LIMITED, |
| 56 MAIN STREET, JOHANNESBURG | 295 REGENT STREET, LONDON WIR 8ST |

*The Annual General Meeting of the Company will be held at 09h30 on 24 November, 1978 at the registered office of the Company*

Thursday Nov 9 1978 9

RDM (186)

# Traders snap at price of crayfish

Own Correspondent

CAPE TOWN — The Minister of Economic Affairs, Mr Chris Heunis, [illegible] his department would be prepared to look into complaints [illegible] restaurateurs of [illegible] increase in the price of [illegible]

[illegible] shown that the body responsible for the price rise, the Cape Lobster Exporters Association, [illegible] monopoly established by producers with the recognition of the Government. It has the sole concession to market [illegible] crayfish in South Africa.

Mr Heunis said that [illegible] the price was not controlled and [illegible] restaurateurs to approach him.

[illegible] for the Cape Lobster Exporters Association said yesterday that at the close of the [illegible] lobsters sold locally [illegible] R5.75 per [illegible] compared with the current price of [illegible] increase of [illegible], reports Sapa.

He pointed [illegible] quota [illegible] suppliers [illegible] the [illegible] fact [illegible] far from adequate.

**SUGAR**

186

# Less sweet

FM 10/11/78

**The international sugar** market is back in the doldrums after a brief suggestion that it had possibly commenced its long hard road to recovery By mid-October the London Daily Raw Price (LDP) stood at £112/t, £15 up on levels at the beginning of September and £30 up on the year's lows Then came the defeat for the proposed US Sugar Bill and, more recently, the Carter administration's measures to defend the dollar, with the result that the LDP by Tuesday this week was back to £105.

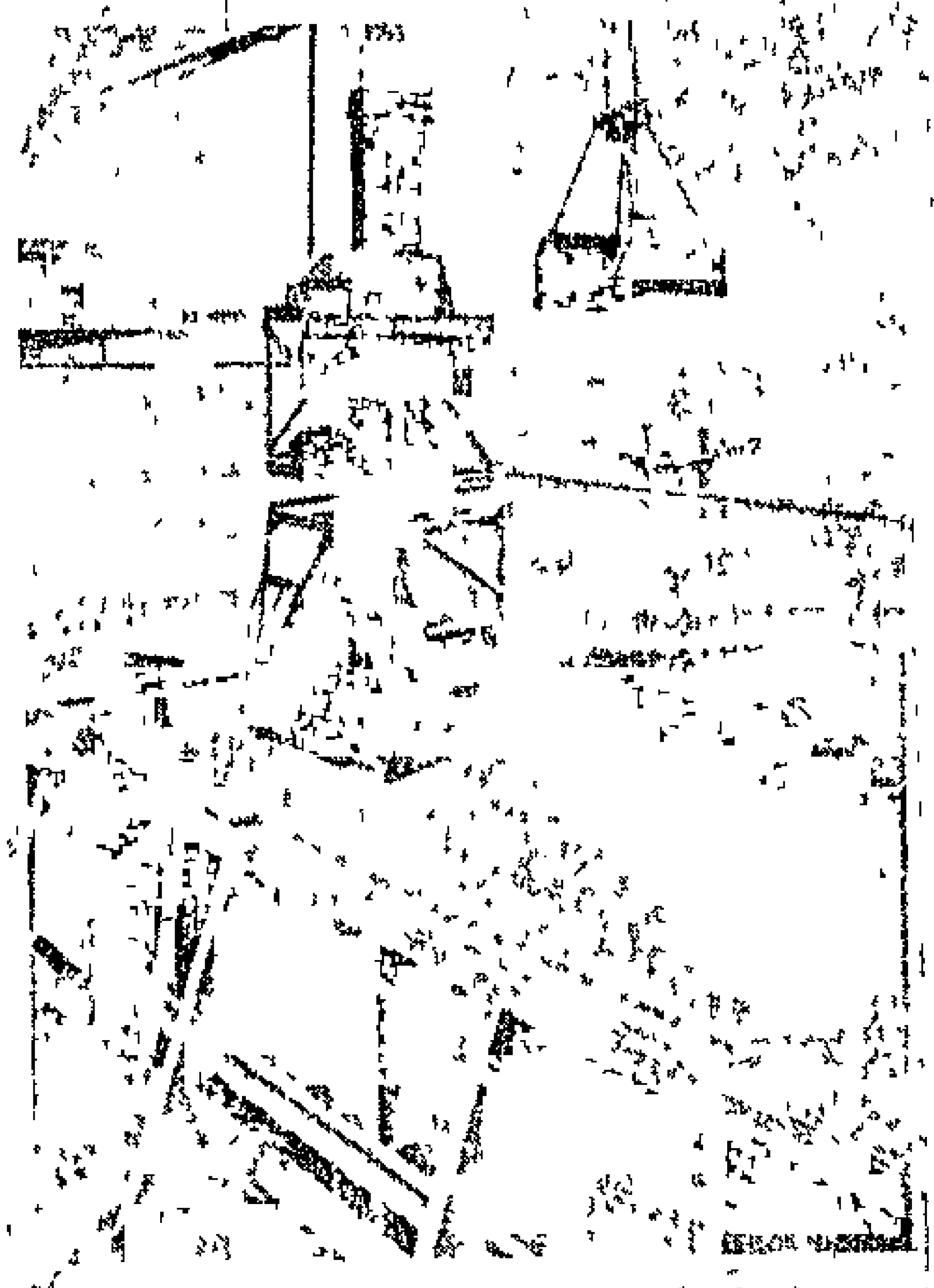
Some of the previous rise was based on speculative currency hedge buying due to the dollar's depreciation. Thus the latter's sudden turnaround caused speculators to unwind positions as the need for a sterling correction suddenly became apparent.

The significant point about the Congressional defeat of the US Sugar Bill, which in its finally-proposed form envisaged a domestic support price for US farmers of 15,75c/lb, is that it effectively prevents the Carter administration finally ratifying the International Sugar Agreement (ISA), which has been in provisional operation since the beginning of this year.

For the administration to ratify it must gain the approval of the Senate Agriculture Committee, the chairman of which, Senator Frank Church, has a number of sugar farmer constituents back home in Idaho. He is therefore linking ratification to a domestic sugar bill originally aimed at incorporating a minimum price of 17c/lb. In New York nearby delivery sugar is currently quoted around half that level.

The ISA is aimed at defending a price range of between 11c-21c/lb with the assistance of export quotas and a special reserve stock of 2,5 Mt As the world price has been below the 11c floor ever since the ISA's introduction at the beginning of January, export quotas have been in continuous operation They currently stand at (with various technical exceptions) 82,5% of originally handed out basic export tonnages (BETS), which in the case of SA amounted to 800 000 t a year in the period to renegotiation in early 1980 This has caused some hardship to producers, but though there have been rumours of producers possibly breaking ranks and trying to export as much as possible given the depressed state of the market, so far they appear to have remained within the discipline of the agreement.

Although export quotas are currently in operation, the ISA must be ratified by all members before it can begin to finance the acquisition of sugar into its special stock as this requires the introduction of a special levy on sugar trade Compared to the overall size of existing world stocks of about 30 Mt the size of the proposed stock is small, but its steady acquisition would be a slight boost for market sentiment However, the defeat of the US



**Loading SA's quota . . . but at what price?**

Sugar Bill has effectively meant that the scheme will not be introduced until at least the beginning of next year when Congress reassembles. In addition to this specific implication of the US non-ratification, there is the overall psychological impact on the market of not having the US within the ISA fold.

Fundamentally, the market looks as though it could be in better shape this year than in 1977-78 It is early days yet, but some trade sources are punting for a slight production shortfall of 1 Mt or so, though most trade houses reckon that a small surplus of a similar amount is more likely on current showings Last year the market faced a surplus of about 7 Mt but production is likely to be down 3 Mt or so in the current season, and there could be a similar increase in consumption One recent estimate by the Latin American and Carribean (Geplacea) sugar producers suggested that production could reach 90,5 Mt and consumption 90 Mt.

However, even a small surplus is going to lead to an increase in world stocks next year, which stand at roughly one-third of world consumption And there is a strong incentive for producers to meet quotas as their performance will be taken into account when BETS are renegotiated.

Meanwhile, traders in London are anxiously watching for signs of Chinese and Soviet purchases. China is said to be facing drought problems in her sugar-growing region, and if the Soviet harvest is not completed in the next couple of weeks, the growing regions are likely to freeze. So far most countries have been buying but trade houses believe more purchases could be in the pipeline.

HULETTS (186)

# Added sweeteners

FM 17/11/78

**Improved domestic** and export prices for sugar and the prospect of a medium-term loan to the Price Stabilisation Fund have brightened Huletts' view of the immediate future for sugar.

In August, chairman Chris Saunders told the agm: "Our sugar activities for the current financial year will be significantly down on last year's performance."

This week's interim says: "Since then there has been some improvement in the prices realised for sugar exports, but at this stage it is still estimated that the net earnings of the sugar division will be lower than in 1977-78. However, the SA Sugar Association is presently negotiating the raising of medium-term funds for injection into the Price Stabilisation Fund and should this eventuate, the earnings of the sugar division for the current financial year will be higher than assumed in this interim statement."

Turnover increased 8% to R159,5m (R147,2m) in the first half, while operating profits on a historic cost basis increased 14% to R14,6m (R12,8m). This reflects better local and export prices, particularly the former, as local sugar prices were lifted 7,5% in January. But, as if to emphasise the inadequacy of the increase, Huletts subtracts R3,9m from "historic" operating profits to allow for inflation to declare virtually unchanged "real" operating profits of R10,7m (R10,5m). Earnings on a historic cost basis were 27,6c (25c) but on replacement cost were 17c (18,2c). Huletts' share of the industry's production slipped from 36% to 34% as quotas ran against the group.

The interim description of prospects is a cautious way of forecasting sugar earnings approximately equal to those of last year. The paper and transport divisions are expected to increase profits, while Huletts Aluminium should level-peg. So, against market expectations, a small overall earnings increase could be achieved. But the changes in Huletts' tune over the past three months should serve as a warning that, even for those close to the action, prospects in the industry are uncertain. Apparently the August forecast was based on a London sugar price of £84 and the November one on a price of £105.

Are earnings declared and dividends paid against loans to the Price Stabilisation Fund a bit suspect? No, say industry sources. It was done successfully in the early Sixties. While this is to discount future sugar earnings, the whole point of a stabilisation fund *is* to stabilise prices and sugar producers' incomes. Sugar prices should revive before the loans run their course and the loans, the *FM* understands, are "relatively cheap."

This interim and the prospect of loans should do something to revive the whole bombed-out sugar sector, which currently is on an average yield of 11,6% against the market's 7,8%. The industry accounts conservatively and most of the

Cutting cane and lifting profits

sugar companies are liquid enough to maintain dividends, if not the generally understated earnings which should not be far off 1977 levels anyway.

Huletts is certainly in a position to increase the year's dividend from last year's 28c. Whether it does so or not depends on how the company views prospects at the year end.

On a 29c dividend and prospective 13,8% yield the shares appear to be good value at their current 210c, specially for investors prepared to take a two to three year view.

*David Carte*



Spec 102

**QUESTION 2 - SUGGESTED SOLUTION**

Interim audit procedures

1. Review internal control over consignment transactions documenting strengths and weaknesses in audit working papers and conduct tests of compliance for application thereof.

1.1 For identified weaknesses - report to client
- design specific audit steps to dispose of weaknesses

2. Conduct substant... ...ding of transactions)

TABLE 18: EM… …6- 1977

| Year | Whi… | | | …ican | Total |
|---|---|---|---|---|---|
| 1946 | 14… | | | .. | 3 026 |
| 1947 | 20… | | | .. | 4 016 |
| 1948 | 21… | | | .. | 3 734 |
| 1949 | 29… | | | .. | 6 366 |
| 1950 | 3… | | | .. | 8 042 |
| 1951 | 399 | 7 110 | | .. | 7 509 |
| 1952 | 410 | 8 947 | | .. | 9 357 |
| 1953 | 423 | 9 182 | | .. | 9 605 |
| 1954 | 391 | 7 565 | | .. | 7 956 |
| 1955 | 309 | 5 287 | | .. | 5 596 |
| 1956 | 350 | 6 359 | | .. | 6 709 |
| 1957 | 388 | 7 271 | | . | |
| 1958 | 411 | 8 166 | | . | |
| 1959 | 412 | 8 019 | | . | |
| 1960 | 460 | 8 858 | | . | |
| 1961 | 453 | 8 363 | | . | |
| 1962 | 502 | 8 778 | | | |
| 1963 | 503 | 7 617 | | | |
| 1964 | 509 | 7 720 | | | |
| 1965 | 507 | 8 196 | | | |
| 1966 | 502 | 8 778 | | | |
| 1967 | 507 | 7 262 | | 7 | |
| 1968 | 533 | 7 558 | | 7 | |
| 1969 | 523 | 6 787 | | 6 | |
| 1970 | 536 | 7 708 | | 7 | |
| 1971 | 521 | 7 628 | | 7 | |
| 1972 | 560 | 7 083 | | 7 | |
| 1973 | 876 | 8 335 | | | |
| 1974 | 577 | 8 188 | | | |
| 1975 | 636 | 9 269 | | | |
| 1976 | 533 | 8 643 | | | |
| 1977 | | | | | |

29/11/78 ~~AE~~ meat NM 186

# Meat tops Ladysmith priorities

Mercury Reporter

**LADYSMITH — Building a new abattoir at Ladysmith to conform with stringent Government requirements would cost about R500 000 and could put up slaughtering fees by 150 percent, it was disclosed at a meeting here yesterday.**

The meeting was convened by the Ladysmith Town Council under the chairmanship of the Deputy Mayor, councillor Dawid Reyneke, and attended by representatives of the Ladysmith, Elandslaagte and Besters Farmers' Associations butchers, stock owners and other interested parties

It was revealed that while the council was in favour of building a new abattoir it had not taken a final decision. It could make major alterations to the existing abattoir or close down. The biggest problem was finance.

## Outdated

Mr Pieter Hurter, Town Clerk, said that the question was top priority as the present outdated abattoir did not meet Government requirements.

Mr. Boet Pieters, speaking on behalf of farmers, urged the council to retain slaughtering facilities in the town. If there was no local abattoir butchers would have to go elsewhere to buy meat. This would mean a breakdown of revenue for organised agriculture

He said butchers would have to face high transport and escalating fuel costs to bring meat back from, for example, the abattoir at Cato Ridge.

They would have the heavy outlay of refrigerated trucks to transport meat

## Transport

Transport costs could run to an estimated R284 735 a year — half the … of the abattoir. This could mean a resulting increase in costs from 2c to 11c a kilogram for meat consumers.

Mr. Eric Jones, the general manager of Stock Owners, said that this increase could even run higher.

He pointed out that Cato Ridge was a controlled abattoir and even butchers would not be able to take stock down and automatically bring the same carcasses back

All stock went into a pool and was sold by auction

He also stressed that if there was no longer a turnover in livestock in the area there would be no circulation of cash and that could affect local business.

Councillor Jaco Maree said "We are dealing with an industry which we cannot afford to lose. We should pool our resources. It is essential for the farmer to market his stock in this area and to have a capital flow.

"It is in all our interests that there is an abattoir here"

He suggested that farmers lend the council money at a lower interest than could be obtained on the open market which would make a big difference in financing the abattoir.

Star 5/12/78

# Minced pilchards off the shelf

(186)

**Own Correspondent**

CAPE TOWN — Thousands of cases of tinned minced pilchards from Walvis Bay are being withdrawn from shops throughout the country on the recommendation of the South African Bureau of Standards.

The Deputy Director of the Biological Services Division of the SABS, Mr S P Malherbe, said there was no proof that the canned fish was harmful .. "but tests show that it is aesthetically unacceptable."

Mr Malherbe said 12 tins of minced pilchards had been sent to the SABS laboratories by the Cape Town health authorities and seven of them had been found to be "unfit for human consumption

"The code number on the tins indicates that they all came from the same batch and the marketers have agreed to withdraw them from stores," he said.

Cape Town's Medical Officer of Health, Dr R J Coogan, said samples of the canned minced pilchards were sent for analysis after several families in the city had reported tingling and numbness of the mouth after eating the fish."

Dr Coogan said only minced pilchards had been found to be pungent and that samples of tins from other batches have also been sent for testing.

Supermarket chains said they had already instructed their various branches to remove the Walvis Bay minced pilchards from their shelves and Dr Coogan said his inspectors would be advising smaller stores to do the same.

Saldru Working Paper No. 13

Norman Reynolds

RURAL DEVELOPMENT

IN

BOTSWANA

Southern Africa Labour and Development Research Unit

## Wait before stocking freezer

5/12/78

N.M.

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# Housewives rage at Christmas meat 'rip-off'

Mercury Correspondent

JOHANNESBURG — The national president of the Housewives League, Mrs. Joy Hurwitz, said yesterday that she was "mystified" by the Meat Board's announcement that "the consumer will have to pay more for meat this December as usual."

"Four months ago, we were assured by the Meat Board that the floor price of meat was going to be held for one year," Mrs. Hurwitz said.

"Reports last week of a price rise in Sandton, Vereeniging and Johannesburg were checked and we were told by the Meat Board that there was no need for a price rise over Christmas.

"There should only be a traditional increase in the price of meat if there is a shortage, and as far as I am aware there is no shortage this month," she said.

### Control

Dr. Jan Lombard, the general manager of the Meat Board, said in Pretoria yesterday that the board would do everything in its power to at least prevent prices from getting out of control.

"We have established measures to ensure maximum slaughterings in all controlled areas in order to maintain a balance between supply and demand.

"But in spite of a 10 percent increase in slaughterings, the supply of lamb and beef could not meet the demand over the past two months.

"Prices are usually high in December with the public holidays resulting in two short slaughter weeks when maximum slaughtering is not possible," he said.

"But this year the Day of the Covenant is on a weekend and there is now only one short week so that the Meat Board will be able to slaughter maximally in order to curb exorbitant price increases."

Dr. Lombard warned people not to stock up their freezers now but to wait until January when prices would most definitely be considerably lower than during the festive season.

The price of quality beef is higher now than last December at R1,45 a kilo in comparison with the floor price of 88c.

### Demand

The demand for lamb and mutton over the past two months has more than met the supply. Shoppers are therefore advised to make their purchases well in advance of the Christmas rush when prices are expected to soar.

Half lamb and pork chops were selling for R2,34 and R2,50 a kilo in Durban yesterday.

Pork prices have increased since October and are expected to rise again over the Christmas period as there is now an acute shortage of all grades of pork.

TABLE 23: GROWTH OF THE MINERALS INDUSTRY
(production in sales units - 1000s - base minerals)

| | 1970 Export | Domestic | Total | Exp. | D... |
|---|---|---|---|---|---|
| Copper | 90 | 31,3 | 121,7 | 400 | |
| Iron | 2 100 | 5 810 | 7 910 | 10 000 | |
| Chromium | 954 | 290 | 1 244 | 2 060 | |
| Manganese | 2 000 | 760 | 2 760 | 5 200 | 1 |
| Coal | 1 100 | 50 350 | 51 450 | 14 000 | 82 |
| Asbestos | 241 | 27 | 268 | 500 | |

Note: Gold, diamonds and 'others' ...

Surviving children per mother

| | | | |
|---|---|---|---|
| Ciskei | 2,64 | 4,07 | 3,06 |
| Transkei | 2,24 | 3,86 | 2,32 |
| Basutoland | 2,02 | 4,30 | 2,28 |
| Mean .. | 2,28 | 3,95 | 2,45 |

Survivors as percentage of children born

| | | | |
|---|---|---|---|
| Ciskei | 62,8 | 52,3 | 58,3 |
| Transkei | 50,3 | 49,9 | 51,7 |
| Basutoland | 71,6 | 68,2 | 70,8 |
| Mean .. | 55,0 | 51,6 | 54,0 |

Child mortality per 1 000 live births

| | 1 year or under | 2 years or under | 18 years or under |
|---|---|---|---|
| Ciskei | 164 | 244 | 374 |
| Transkei | 284 | 379 | 557 |
| Basutoland | 140 | 189 | 290 |
| Mean .. | 242 | 327 | 508 |

# Butchers pay R33 000 in fines

8/12/78

Staff Reporter

FOUR butchers paid admission of guilt fines totalling R33 700 at the Johannesburg Magistrate's Court yesterday on charges of having brought meat to the Witwatersrand in violation of the conditions of their permits

The fines were paid by Julius Hymie Kahn of Balfour Meat Corporation, Webber Street, Middelburg, Milenko Sakota, of High Street, Brixton; Bradley Harris, of Balfour Meat Corporation; Ranko Sakota, who paid fines for four butcheries — Kanhym Super Beef, High street Brixton; Durban Deep Butcheries, Kanhym Meat, Brixton and Brixton Wholesale Meat Supply

# Canned pilchard warning

BD 6/12/78

186

CAPE TOWN — Canned minced pilchards went off the menu throughout the country yesterday following a warning by the medical officer of health here, Dr R. J. Coogan, that they would be harmful if eaten.

Twelve cans were sent for analysis last week after reports that some batches of minced pilchards canned in Walvis Bay had a pungent taste and caused numbness and tingling of mouth tissues. Laboratory tests showed some cans unfit for human consumption and all batch numbers were recalled.

A check with major stores and supermarkets this week showed about 80 per cent of the batch had already been sold and the remainder removed from sale



in Asbestos Mining.

tos mining has been a significant employer of labour for some The industry maximum to date is 23 687 workers in service erage during 1966; in 1976 average employment was lower but substantial at 21 504. In relative terms asbestos mining ince the early 1950s been third -, fourth - or fifth - largest yer in the mining sector. In 1976 it was fourth-largest, g way behind gold, coal and 'other mines' (platinum).

possible to suggest some subdivisions of the period under w with reference to the characteristic behaviour of employment ose sub-periods, but the pattern is not as clear as would be ient.(see Graph 5 p. 29).

There is a period of breakneck expansion (of output and employment) in the years from 1946 to 1952. Output grew at 37 per cent per annum and employment at 32,5 per cent per annum - reaching a level in 1952 (viz. 23 039 workers) which was close to the maximum for the whole period to 1976 (viz. 23 687.)

5.2.2 It would then be legitimate to treat the rest of the period as belonging together with no very marked trend (up or down) in employment. There appear to be mild fluctuations in the range 18 000 - 22 000 workers (except for 4 unusual scattered years), and there seems no convincing reason for not taking the trend as horizontal. (The 5-year moving averages of employment in the years beginning 1957 to 1963 are all above 21 000, whereas subsequent similar averages are all below this figure - but they are climbing to 1972-76, not falling).

5.3 During this period there has been very considerable growth of output. With some short-term fluctuations it has increased from 18,3 thousand metric tons to 369 thousand metric tons - a 20-fold increase while employment expanded 5-fold (and its plateau-level already reached briefly in 1952). Clearly there has been a considerable increase in labour productivity - and almost all of it has been achieved in the post-1952 period. Roughly, output per worker has trebled

**MONDAY, DECEMBER 18, 1978.** 186

# HOMELANDS FOOD

IN PRESENTING its gloomy prognosis for food production in South Africa's homelands, the Corporation for Economic Development can hardly have been unaware that the prime reasons for this agricultural failure belong also to Africa as a whole. Indeed, the bedevilling factors — tribal beliefs and the lack of ability and motivation — are basic to the decline in food production throughout the continent.

According to a spokesman for the World Food Council, food production in Africa has dropped 10 percent in a decade, and the outlook for millions of hungry people appears likely to worsen – in spite of vast sums of foreign aid which have been pumped into undeveloped nations to get the wheels of agriculture moving.

The trouble, of course, is that much of that aid has been misdirected, haphazard, and in some instances counter-productive. The millions which industrialised nations have poured into Tanzania, for instance, have mostly financed President Nyerere's dubious collectivisation schemes and brought much misery to that country's inhabitants.

The main difference between these undeveloped countries and the homelands is that the latter are offshoots of one of the world's most sophisticated agricultural nations, which has more intimate knowledge of the African than any other industrialised country. It would be inexcusable, therefore, for South Africa to let the homelands drift into the same agricultural deficiency that plagues the rest of Africa.

Thankfully, there is an awareness among some homeland leaders of the need to educate their people into becoming agriculturally orientated. And in the final result only the homelands governments themselves qualify for the task of changing unwholesome tribal beliefs and motivating their citizens. Certainly there can be no agrarian revolution in the homelands until basic prejudices against farming have been broken down and freehold agricultural tenure and other incentives adopted.

Meanwhile, it is worth recalling that two years ago it was suggested that a multi-national food planning and development council be established within a Ministry of Food in South Africa, to co-ordinate the efforts of all population groups through regional committees. Its task would be to plan for the future by promoting training schemes, establishing storage facilities and generally guaranteeing the production and efficient distribution of food.

That idea should still hold good. When it is considered that Africans own 47 percent of the so-called Blue Triangle — South Africa's main region of wealth, including the best soils and some precious river catchment areas — the need for a concerted effort to exploit all of it becomes obvious.

Co-ordinating Committees

As the new system permitted the election of more than one works committee in an establishment, provision was made for a co-ordinating works committee consisting of the chairmen and secretaries of each works committee where two or more such committees had been elected. The appointment of a co-ordinating committee was to be made after consultation with the employer concerned, and its duties were roughly the same as those of a single works committee.

MANUF. - food

18-1-79 — 26-12-79

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(most of F + M strike cuttings are not here)

186 18/1/79

# Appeal for higher meat prices

Pretoria Bureau

A top farming representative has urged consumers to accept higher prices for red meat to help forestall a slump in meat production during the early 1980s.

Farmers had already sent more heifers for slaughtering in 1978 than ever before, said Mr Jan van der Walt, meat industry officer at the South African Agricultural Union

This proved that farmers were being discouraged from producing more beef, he said.

It would be in the consumer's own interests to encourage meat production by paying reasonable prices, Mr van der Walt said

If farmers continued to cut back on their herds a meat shortage could set in, leading in turn to a sharp rise in prices.

A shortage would force South Africa to import more meat, Mr van der Walt said.

**IMPORT**

Improvements in the price of meat in 1974 had encouraged many farmers to go into livestock in a big way But prices for meat had remained virtually constant ever since

In Johannesburg, the average producer prices for all grades and classes of beef had increased by only 2,4c a kg over the past five years, according to a survey made by Mr van der Walt.

In spite of these low prices farmers had struggled to sell their produce and disenchantment with meat production had set in.

There had been positive signs, however, of an increase in demand and higher meat prices since September last year

**FEDFOOD**

## Taste of success

**The latest interim** of 8c, covering the second six months of Fedfood's 15-month accounting period, reflects, says MD Johan Louw, not so much the profit picture of the past 12 months but rather future prospects; and it is in the non-fishing sectors where the corporate ship appears to be making considerable headway

Following the takeover of Simba Quix in November 1977, Louw says that the snack maker came under tremendous pressure in the market place and lost ground However, thanks to corrective measures it has been turned around to the point where it achieved record sales in the past two months Louw points out that there has been no dramatic improvement in the snack market and the good results stem simply from increased market penetration

From a loss of R1,3m in 1977, Simba is now expected to make a considerable contribution to group profit this year

The rationalisation between Bechmalt and, maize miller and baker Ruto has been very effective. "We bought Ruto at a time when baking and milling margins were very thin But, since July, margins have improved and," says Louw, "Ruto is performing beautifully — it is an absolute star." As part of the rationalisation, the old Bechmalt wheat mill in Kimberley has been closed and the slack taken up by Ruto. Evidently the flour demand from Simba for rusks and biscuits is alone sufficient to ensure high levels of plant utilisation.

In another move to entrench its position, Fedfood recently acquired Champions Milling & Trading from Sentraal-Wes Ko-Op for R1,6m R600 000 was paid for assets in and out of the Transkei (the rest was for stocks and debtors) and the necessary guarantees have been furnished by the Transkeian Government and the XDC

Although Champions' numerous depots and small milling plants have incurred losses in the past few months, Fedfood's rationale is that it will dovetail neatly with existing operations, assisting with the milling and marketing of flour and maize and supporting the group's operations with respect to commodities like malt, sorghum malt, "instant" beer powder — even Simba products

In addition, Fedfood is currently negotiating three other takeovers, the largest involving further rationalisation within the Sanlam group.

Until recently Fedfood's primary source of revenue has been fishing This is fast being supplemented by grain processing, wholesaling and industrial oils

Since fishing remains an important source of revenue, the group has been spending heavily on new methods and equipment to maintain the fishing effort. Like Kaap Kunene (*Fox* January 5) it

**Simba's Chips . . . the lion's share**

has converted one boat to refrigerated sea water (RSW) and two to insulated ice carriers. This enables the search in local waters to be considerably extended while still landing fish in a cannable state. And Fedfood is looking at more new RSW's with extended range

On another tack, several canning lines have been pulled from Walvis Bay and installed at Gansbaai on False Bay. These lines started up in January and are evidently performing well. In fact, Fedfood shares Kaap Kunene's view that SA's inshore fishery has the potential to yield as much as 12 000 t of cannable pilchards But it does need RSW hardware to bring them in, and the pilchard catches from False Bay so far have led Louw to wish that he had more canning capacity at Gansbaai

Overall it looks as if Fedfood has made considerable progress in lessening its dependence on fishing Says Louw, "1978 has been a difficult year for us. We started out with the need to make up a shortfall of some R2,5m in fishing profit. But this is our turning point From here we can only go one way."

But do not expect too much by way of dividends. As a fishing company, formerly Marine Products, it paid out roughly 65% of profit in dividends. In contrast, basic food groups like Premier and Tiger Oats shell out only 40%. "Obviously we have to settle on something in between We must retain more to finance growth within the food (and fishing) industry "

So it looks as if Fedfood will attempt to keep the annual payout at about 26c And it will stay at this level until rising profit enables the company to be more generous. If that is correct, the share at 300c, is on a prospective yield of 8,7%. In relation to I&J, Premier and Tiger, it deserves a better rating.

*John White*

CADBURY SCHWEPPES

# Bigger gulp

186 Kruld 2/79

**After the recovery** of the past three years, Cadbury Schweppes' 9,3% earnings improvement in 1978 should continue to please shareholders, since it was accompanied by "almost unchanged" profit margins and increased market share, says MD Neville Bain

Sales improved 20,5% to R31,5m (R26,1m), the growth being equally spread between the confectionery and soft drinks divisions. Enhanced market share was obtained, says Bain, by concentrating promotional effort and media spending on key brands in both divisions, rather than by price cutting

Bain says profit margins were "pretty well maintained" across Cadswep's product range in part because of price increases, and also improved efficiency. Pre-tax profit was 20,2% up at R2,7m compared with the 20,5% rise in turnover.

The better results stem from a good second-half performance. At end-June earnings were marginally up at 8,1c (8c), while the end-December figures were 35,2c (32,2c). A lower average tax rate also helped. But overall tax in 1978 absorbed a higher proportion of profit than previously because of reduced capex.

The outlook for the current year seems good. Bain is optimistic that Cadswep can maintain a growth rate above the industry average. He says that while confectionary and soft drinks did not see much of an upturn in consumer demand in 1978, they should benefit this year, particularly in the black sector He expects real sales growth in the industry to be 3%-4% this year

Two factors could upset his forecast. Bain lists them as political influences and the extent to which competitors cut their profit margins. The market has already seen competitors buying market share, he says, and this could stem Cadswep's market penetration and profitability. On the cost side, Bain is not too concerned. He expects overall costs will rise only as fast as the annual rate of inflation

Shareholders should see great improvements in the balance sheet Bain says good asset management has allowed working capital requirements to be pruned with the result that debt has been reduced significantly

At 185c the share yields 7,8% on a dividend of 14,5c (12,5c). Relative to the market and the food sector the share is fairly valued, particularly as debt has been "reduced significantly" and the outlook is better than it has been for a few years But with 66% of the equity held by the overseas parent, there is limit to marketability.

Des Kruger

FISHING

3 + (136) FM 16/2/79

# Spectre of shutdown

**SWA's inshore** fishing industry faces its leanest season ever Not only has the overall permissible catch of raw fish been cut from 350 000 t to 337 500 t, but senior fishery officials in Windhoek confirm there is a possibility of a total shutdown in 1979 to avert any danger of commercial extinction of principal species

Acting on preliminary results of a R130 000 crash survey of the pelagic resource, the SWA Fisheries Advisory Council has revised 1979 quotas set, oddly enough, in October last year before the start of the survey, by reducing the pilchard content from 60 000 t to 29 000 t and increasing the permissible haul of "other" species from 290 000 t to 308 500 t

**Survey results**

Survey results indicate poor availability of pilchard but a reasonable spread of anchovy Last year, the industry landed 45 185 t of pilchard, yielding 1,2m cartons (48m cans) Total catch was 414 000 t, which included 360 000 t of anchovy It was the best anchovy haul since 1970 and saved the industry from disaster.

A senior SWA fisheries official told the *FM* the most optimistic expectations for the 1979 pilchard canning pack did not exceed 1m cartons and that this would only be achieved by careful management

SA will therefore have to import at least 1m cartons of canned fish this year, compared with 250 000 last year At current prices, this represents a foreign exchange requirement of about R15m

Meanwhile, strong official pressure is building up on SWA factory operators and boat owners to draw up fleet rationalisation proposals to cut the number of catchers by not less than 25%, preferably by 30%. The fleet comprises 70 purse seiners, including 23 steel hulled ships equipped with refrigerated sea water (RSW) plant capable of optimum landings of pilchard in cannable condition Last year, RSW boats were responsible for boosting cannery yields by as much as 56% in some cases

Prospects for the SA pelagic fishery, on the other hand, look a good deal more promising, although fishery scientists are worried about wasteful utilisation of available resources

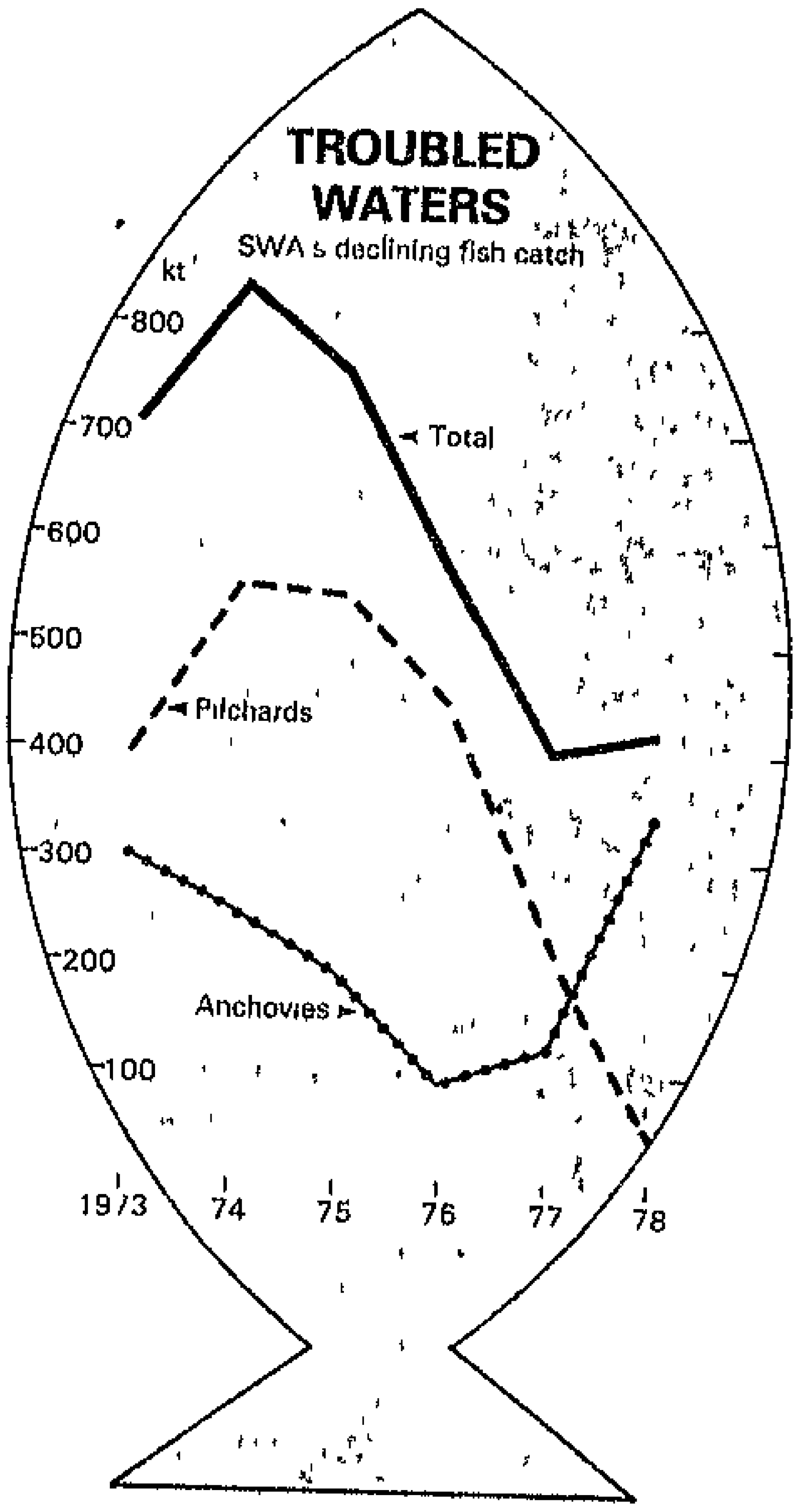
In a recent paper, Garth Newman and Robert Crawford, of the Division of Sea Fisheries, said that fish availability, measured against the normally reliable indicator of guano production, has dropped 50% since 1962

This conclusion is supported by catch/effort data which shows that catch per unit of effort reached a peak of 132,5 t per standard boat day in 1961 but has averaged only 38,3 t over the past 10 years A marginally encouraging feature of the study, however, is that the catch per unit of effort has been increasing lately and averaged 41,9 t in the period 1973 1978

Even so there is a severe danger to recruitment and, because the ideal solution of fleet reduction cannot be achieved without compensating owners for capital investment, it is suggested that the present SA quota be reduced from its current level of 380 000 t

A further disturbing feature of the SA fishery is the wasteful use of the pilchard catch Last year, the industry took 114 500 t of pilchard, but very little of it found its way into the can Government officials are now suggesting that a split quota should be introduced to protect what appears to be an embryonic recovery in pilchard recruitment. An ideal solution, they say, would be to compel factory operators to employ RSW catchers and provide investment incentives to restart canning. At least one company, Suid Oranje, has installed a freezing plant at St Helena and plans to resume canning this year.

Unless effort is reduced in the short term, it is virtually certain that Economic Affairs Minister Heunis will cut the SA quota next year.



PICBEL

FM 2/3/79

186

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# Prospects improve

**Activities:** *Holding company with subsidiaries in the meat, liquor and canning industries Owns 62% of Asokor, 59% of Uniewyn and 73% of Picfin (previously Comair)*

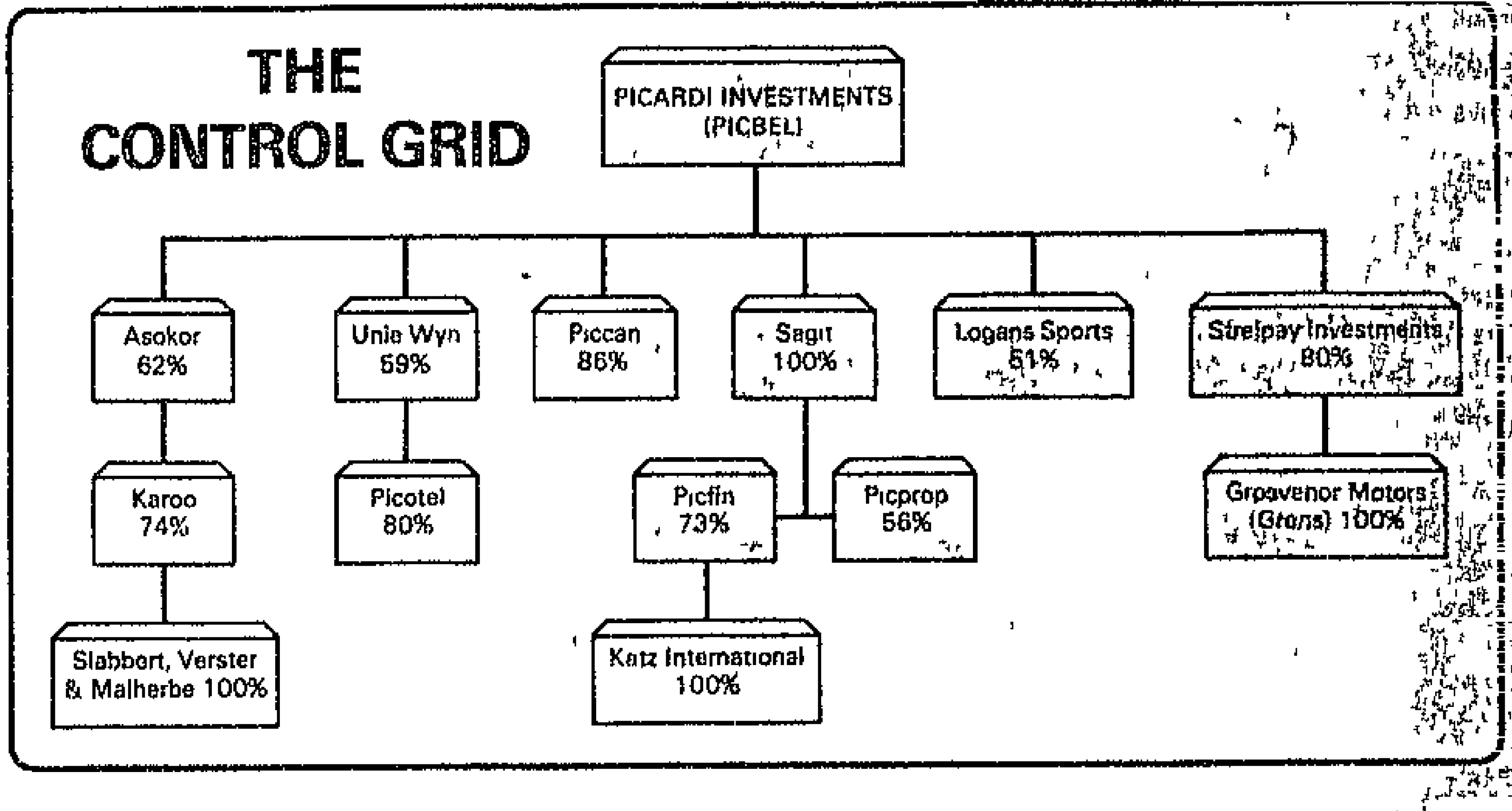
**Chairman:** *J A J Pickard, vice chairman T B Rood*

**Capital structure:** *4,4m ordinaries of 50c, 4m 9% red cum prefs of 50c and 47 000 cum prefs of R2 Market capitalisation: R3,1m*

**Financial:** *Year to June 30 1978 Borrowings: long and medium term, R21,4m, net short term, R50,5m Debt:equity ratio 259% Current ratio: 1,04 Group net cash flow R6,5m Capital commitments R306 000*

**Share market:** *Price 70c (1977/78: high, 73c, low, 32c, trading volume last quarter, 123 000 shares) Yields 22% on earnings, 5,7% on dividend Cover 4,0 PE ratio 4,4*

| | '75 | '76 | '77 | '78 |
|---|---|---|---|---|
| Return on cap % | 12 6 | 15,2 | 16,5 | 15,9 |
| Turnover (Rm) | 300 | 352 | 360 | 352 |
| Pre-tax profit (Rm) | 5,6 | 6 3 | 7,6 | 6 7 |
| Gross margin % | 4,4 | 4 1 | 4,7 | 4 6 |
| Earnings (c) | 14 7 | 6 9 | 32,6 | 15 8 |
| Dividends (c) | 4 | 4 | 4 | 4 |
| Net asset value (c) | 148 | 145 | 118 | 99 |




**Although Jan** Pickard in his belated chairman's statement forecasts "a substantial growth in profits" due to the improved prospects of some subsidiaries, the group's 1 748% gearing (measured as total debt plus prefs as a percentage of nav) could detract from its investment appeal Last year interest paid rose to R9,4m (R8,9m) and pref dividends syphoned off R365 000 So after the minorities' R3,0m (R2,6m) share and R2,6m (R2,2m) tax, shareholders were left with a mere R697 000 (R1,4m) attributable profit from gross R16,1m (R14,8m).

However, there are growth prospects One promising area is Picfin, the subject of prolonged litigation, which resulted in the annual report being published late Although its profitable aviation interests have now been sold, the whittled-down company contributed earnings of R387 000 (R216 000) in the six months to December 31 1978 Investment of the net R3m received for the aviation interests should lift its earnings to R780 000 this year Further improvements are on the cards when the full benefits of investments accrue (*Fox* February 16)

Picotel with its 27 hotels and 29 bottle stores is forecast to "show a remarkable increase in profits" However, the interim report to December 31 1978 says "your directors believe that pre-tax profits for the year will increase to . R1m" After last year's R891 000 and R576 000 (R452 000) in the six months to December 31 1978, the improvement might not be so remarkable Picotel forecasts that last year's 7c total payout will at least be maintained, following the unchanged 3c interim Uniewyn, which holds 80% of Picotel's equity, "can look forward to an improved position in the liquor industry," says Pickard

But it is unlikely that he is alluding to the possible bids expected from SA Breweries and Remgro On nav considerations a bid of around R7m is possible, but the market capitalisation is only R3,6m

Better interim results have been reported by the group's meat subsidiaries Asokor and Karoo, which increased first-half earnings to R625 000 (R529 000) and R587 000 (R495 000), respectively However the second half could be adversely affected by the drought

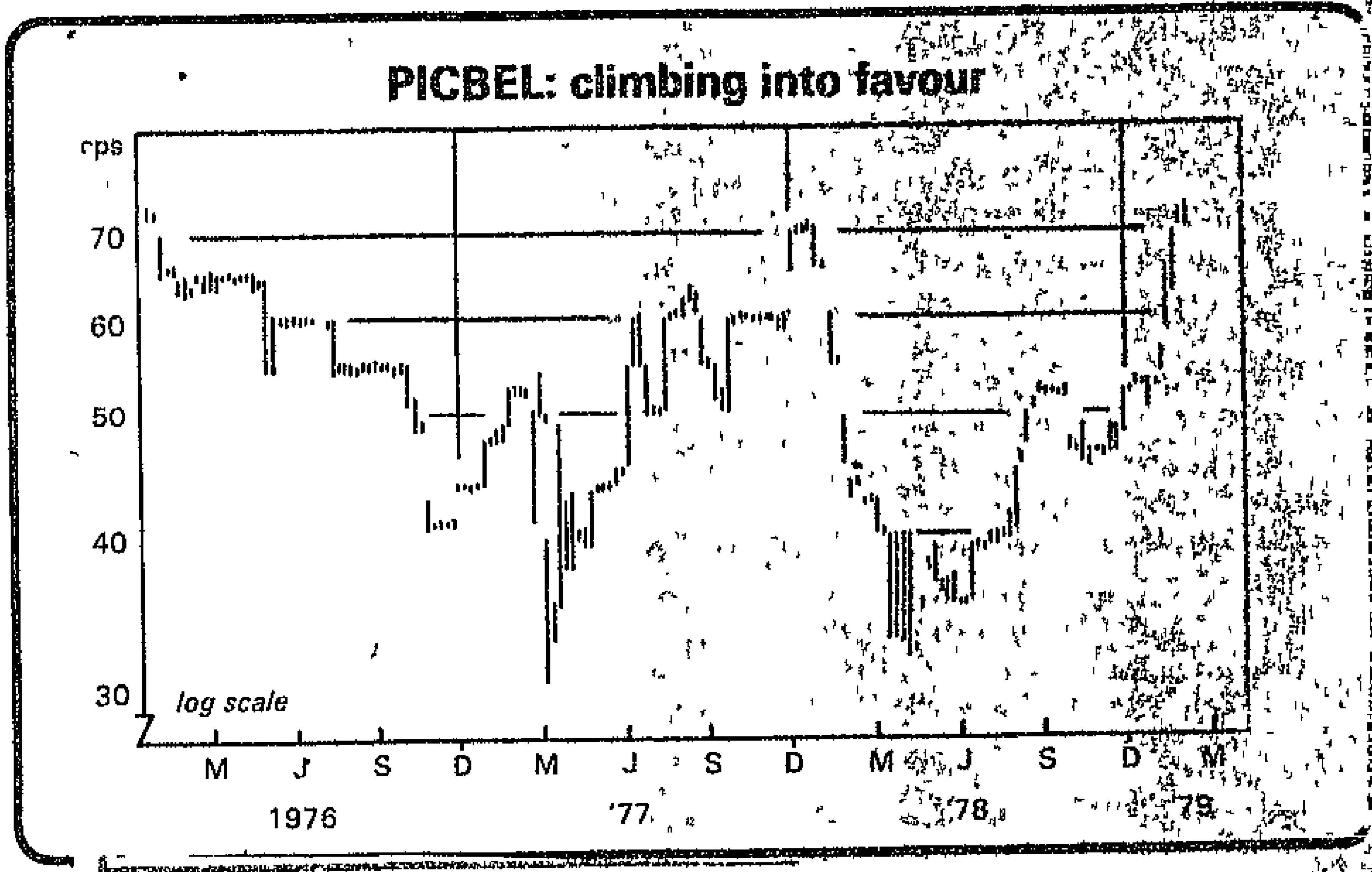
Piccan, the canning subsidiary appears to be overcoming its problems Last year its loss situation was reversed with a R226 000 (R115 000 loss) attributable profit. Continuing improvement depends on effecting interest savings through lower stock holdings with selective production cutbacks

Picbel's gearing will improve slightly with R6m cash from the sale of its interests in Metje & Ziegler and Griffon. However, interest-bearing debt is still likely to be around R66m compared with shareholders' funds of R4,4m

While Pickard is encouraged by the better first-half results, it is difficult to foresee earnings of more than 20c this year, out of which 5c could be paid if last year's cover is maintained

On a prospective yield of 7,1% the share is not particularly attractive, though there is speculative appeal if SAB and Remgro try to outbid each other for Union Wine.

*Peter Pittendrigh*



# Bakers raises interim

RDM 22/3/79 (186)

Financial Reporter

BAKERS SOUTH AFRICA has increased its interim dividend from 9c to 13c for the six months to December 31, 1978, on attributable profits which rose by 71%.

Attributable profits soared from R1 002 000 to R1 710 000, lifting earnings from 35c a share to 60c.

Pre-tax profits rose from R32-million to R37-million — an increase of 15% — and pre-tax profits, reflecting the better margins predicted by the directors in the 1978 report, jumped from R1 707 000 to R2 887 000.

Bakers says it is still dissatisfied with the return it gets on its investment.

"Whilst the improved profit performance is gratifying, it must be pointed out that this still falls short of average returns on investment in the food industry. During the current six-month period, it is expected that there will be a continued decline in volumes compared with the same period last year and that the current margin of profit earnings will be maintained."

Bakers expects to pay a final dividend of 16c, which puts the shares on a prospective dividend yield of 7,5% — not unduly expensive for a good-quality share in the food sector

STAR 24/3/79

# Profit margin falls, so is the Tiger still worth riding?

Colin Campbell in the market

Preliminary year end figures from Tiger Oats are below the market's earlier hopes. The community had been looking for year end earnings in the 230c-240c range, and a year's total dividend of 60c a share.

In the event, earnings turn out at 224c and with a final dividend of 33c the year's handout is 58c a share.

Of course, a 10,9 percent increase in profit after a year in which the SA economy merely jogged along isn't that bad.

But then the investment community has come to expect a cracking performance from Tiger year after year — not that there is much wrong with a group which can more than double its dividend in five years, and which can move up its net earnings from 57c a share in 1973 to 224c a share in 1978.

If there are grounds for market disappointment, then it is with the falling profit margins.

On a turnover that rose by 36,12 percent to R750m (part of which increase will include the inflation element) pre-tax profit lagged with a 26,76 percent rise. Pretax return on turnover is thus down from 6,1 percent to 5,69 percent.

Turnover figures include Adcock on a full year's basis for the first time, so Tiger's own turnover group was probably around 26 percent.

Undoubtedly one of the main reasons for the squeezed margins stemmed from the cut-throat competition in the food industry. Because of the slow down in the economy, volume sales of certain lines fell sharply — so the problems of over capacity coupled with fierce attempts to move lines aggravated the position.

An analysis of the net earnings figures of 224c a share, shows that 186c was generated from the group's usual operations, and 38c a share from the group's extensive fishing interests. So while fish interests moved ahead by 31 percent, other group activities moved ahead by 7,5 percent.

This week's Cost of Living indices again underlines the tough year through which food companies have been. The CPI for food alone was 251,9 in February compared with 221,0 a year ago — a year-on-year rise of 14 percent.

The rising cost of fuel is obviously a worry — this week's fishing prices went up quite dramatically because of the higher fuel bill which trawlers will now have to meet — and so is the pressure on the maize price.

However, despite my apparent gloom I do find reason for hope. Last year is now water under the bridge, and one which trade sources say was the worst in many a year. And with the stimulatory pre-Budget measures coming into play, and with hopes running high that there will be further stimulatory boosts on Wednesday, the outlook is not entirely dismal.

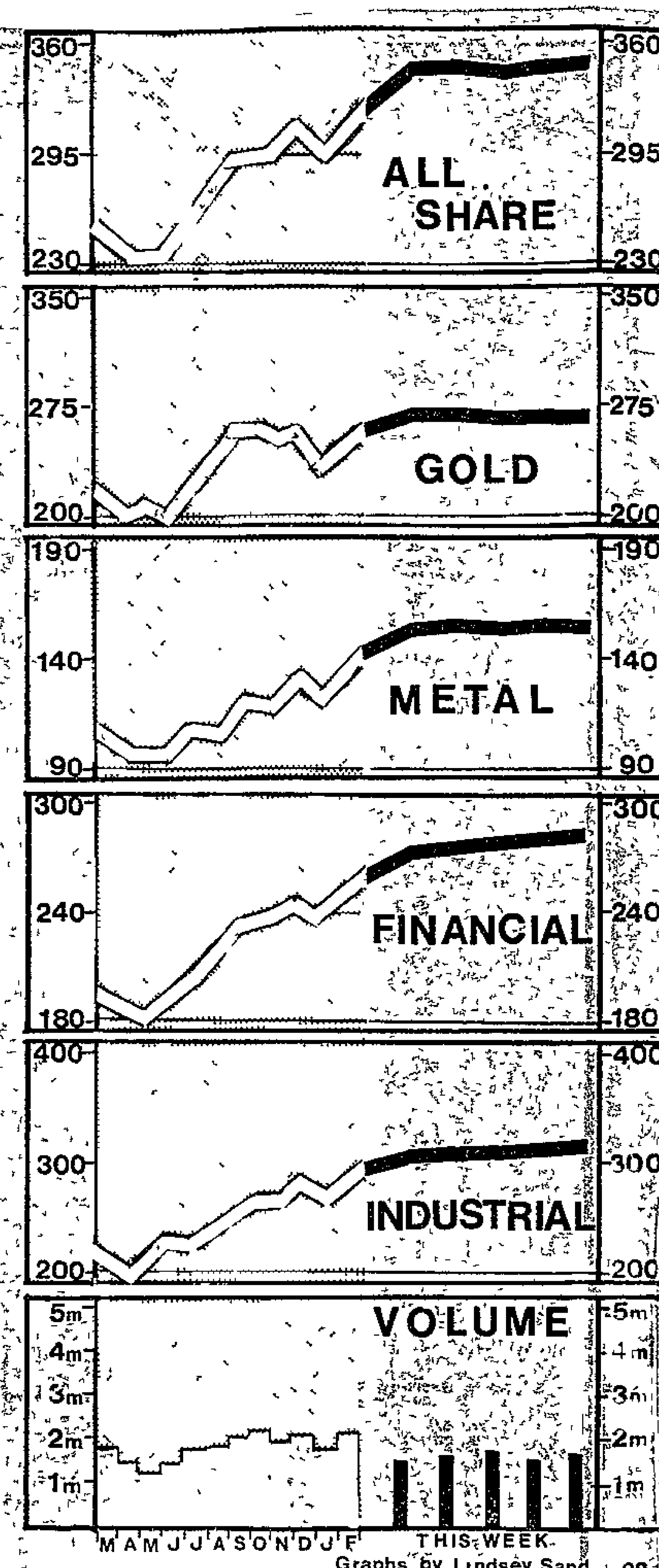
Comparing Tiger's year end results with the interim results of Premier Milling (reported last November and covering the six months ended September) and there is no doubt that Tiger has the edge.

(For its half year Premier reported a 20 percent profit drop despite an 11 percent turnover increase. Premier blamed "over production caused by excess capacity and lack of demand in a number of the industries in which the group is engaged. . ." which led to great pressure on profit margins.)

One encouraging pointer from Tiger's preliminary report is that capital commitments for 1978 amounted to only R9m I say "only R9m" because over the years Tiger has been a big spender — capital commitments in 1977 totalled R15m and in 1976 R24m.

If the period of hefty spending is over, then Tiger should be adopting a more generous dividend policy. Even bearing in mind the heavy cost of replacement there might be cause for expecting the dividend cover to come back to the level of the early '70s, when a twice covered payment was the norm. Even a 2,7 times cover, as opposed to the current 3,8 times cover would allow a payment of 80c.

Old Mutual has a 21 percent voting stake in Tiger. That stake alone is good enough reason to stick with Tiger which I expect to improve its margins as the economic sun shines stronger.




Graphs by Lindsey Sand on

These graphs chart the performance of The Star share indices for major divisions of the Johannesburg Stock Exchange over the past week, together with volumes of trading. The shaded areas of the graph cover the average of the previous 12 months' dealings for comparison.

Samuelson. Chap. 1.

3. <u>Basic Economic Processes and Concepts</u>

Utility; Wealth; Production; Consumption; Exchange;
Factors of Production: Land, Labour, Capital, Entrepreneurship;
Investment; Saving.

<u>Real</u> and <u>Money</u> Income. Saving (Investment) luxury of the rich. "Vicious circle of poverty."
Specialisation (Division of Labour) a technique for overcoming scarcity - Technical and Economic Efficiency. Advantages and disadvantages of specialisation. Comparative advantage and specialisation. Specialisation limited by the size of the market.

Speight: Economics (Specialisation) Samuelson: Chapter 3 asset cover was only R700 000 and, according to the Registrar's definition, net assets of the company, as opposed to the group, were only R2,1m against the R5,2m published, largely because the Registrar disallows and writes down certain assets. The solvency margin of 15,5% comfortably exceeded the Registrar's requirement of 10%, however, and this has improved substantially with lower interest rates and a higher stock market. The investment portfolio has also performed well. A possible guide to IGI's conservatism is that, for example, 1976's provisions for claims exceeded actual claims in 1977 by R900 000. These are apparently some considerations which prompted the maintained dividend

The share yields 10,8% at the current 65c. It is starting to look an interesting speculation but only the report and, more important, the return to the Registrar, will enable a reasoned investment decision.

*David Carte*

**TIGER OATS**

## Burning bright

Any minor disappointment felt at Tiger Oats' 1978 results can quickly be dispelled by the good prospects for the current year. While cautiously optimistic himself, chairman Rudi Frankel feels that any relief offered by the budget to consumers can only be good for the food industry.

In recent years, despite a population rise, unemployment has meant that "more people had to share the same size loaf."

Frankel is encouraged by the lowering of interest rates, and the additional investment allowances, and reckons that increased spending will put food high on the shopping list. He adds that the furious competition in the food industry last year must now stabilise.

Last year's 36% turnover increase to R750m is not directly comparable, as Adcock's turnover is included, and puts increased pre-tax profits of 27% to R42,7m in a better light.

On a 10% hike in the final dividend to 33c (30c), making a total of 58c (52c) for the year, the share yields 4,8% at its current 1 200c. Earnings were 22c higher at 224c, leaving the dividend covered an unchanged 3,9 times.

Preference payments leaped nearly R2m to R3,2m as a result of servicing 12m fixed- and variable-rate cum prefs for a full year.

The 11,8% hike in attributable earnings to R25m (R22,4m), includes a R962 000 profit improvement to R4,2m by United Oceana. However, apart from dividends received, the results do not include undistributed profits of associated companies in which 30% or more of equity is held. These include J Bibby and Makro. Were these profits taken into account, Tiger's group earnings for the year would have totalled 266c (220c).

Subject to unforeseen circumstances, Tiger expects the present satisfactory trading conditions to be maintained during the current six months.

Tiger's chart shows a far more healthy trend that the chart of its big competitor, Premier Milling, which is only just holding on to its weak bull trend by the skin of its teeth. The share still merits a buy recommendation for investors with medium-term objectives.

*Jean Moon*

SOUTHERN AFRICA LABOUR AND DEVELOPMENT RESEARCH UNIT
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SALDRU
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ARGUS 4/4/79

# Half-loaf of bread back

(2) 1/86

BECAUSE of public [illegible]mand, the half-loaf bread will be back in [illegible] shops on Friday.

The big commercial bakeries, which stopped making the small loaves in the middle of February to save fuel, have decided to start doing so again to avoid hardship to pensioners and poor people.

The disappearance of the half-loaf caused an outcry particularly from pensioners living alone who said a full-sized loaf went stale before they had finished it.

Many complained that cafe-owners were refusing to sell halves of full-sized loaves for fear of prosecution if the loaves were not cut precisely in half and were discovered to be underweight.

In a statement issued today, Mr C A Boyes, secretary of the Cape Master Bakers' Association, said: "The association accepts that the reason for ceasing production of the half-loaf — which was done to effect fuel savings — cannot be measured against the plight the [illegible] alleged members of [illegible] community have suffered and any inconvenience caused to them through the measure [illegible]."

Mr Boyes [illegible] that half-loaves [illegible] sold at a maximum retail price of 12½c for white and 8c for brown, are not subject to sales tax unless they are included with other goods.

He said [illegible] cafe owners had objected to selling halves of whole loaves because they could not charge sales tax on them.

"They will not be able to charge sales tax on the half-loaf either," he pointed out.

"Customers must be on the watch for any attempt to do so."

# Bail for union man extended

Star 9/4/79

WORCESTER — Bail of R750 was extended in Worcester Magistrate's Court today to Mr Jan Pierre Theron, secretary of the Food and Canning Workers' Union

Mr Theron has been charged under the Riotous Assemblies Act following a strike at Rainbow Chickens on March 6

No evidence was led today and the hearing was postponed to May 16

Mr Theron must hand in his passport and identity documents, report to Caledon Square Police Station, every Tuesday and Friday, take no part in extra-mural meetings, refrain from interference with State witnesses and visiting Rainbow Chicken premises as conditions of bail — Sapa

# Union boss in court

WORCESTER — Mr Jan Pierre Theron, secretary of the Food and Canning Workers Union, was released on R750 bail after appearing in the Worcester Magistrate's Court yesterday

He is charged under the Riotous Assemblies Act following a strike at a factory, Rainbow Chickens, on March 6

No evidence was led and the hearing was postponed to May 16

Under the conditions of bail, Mr Theron must hand in his passport and identity documents and report to a police station in Cape Town every Tuesday and Friday

He was also ordered to refrain from taking part in extramural meetings and interfering with State witnesses and to stay away from the Rainbow Chicken premises at Worcester — Sapa

FM 13/4/79

## CADBURY SCHWEPPES

# Wholesome package

**Activities:** *Manufactures chocolate, sugar confectionery and various foods Has a 9,4% interest in Amalgamated Beverage Industries, which comprises the merged bottling and canning assets of Schweppes SA and Coca-Cola Export Corp. Cadbury Schweppes (UK) holds 66% of equity.*

Financial Mail April 13 1979

**Chairman:** *C Cilliers; managing director, N C Bain.*

**Capital structure:** *5,1m ordinaries of 50c each. Market capitalisation: R9,2m*

**Financial:** *Year to December 30 1978. Borrowings: long and medium term, R6,5m; net short term, R2,4m. Debt.equity ratio: 83,6%. Current ratio: 1,6. Net cash flow: R1,8m. Capital commitments: R845 000*

**Share market:** *Price: 180c (1978-79 high, 185c, low 100c; trading volume last quarter, 48 000 shares) Yields: 19,6% on earnings; 8,1% on dividend. Cover: 2,4. PE ratio 5,1*

| | '75 | '76 | '77 | '78 |
|---|---|---|---|---|
| Return on cap % | 8,3 | 11,8 | 15,1 | 16,7 |
| Turnover (Rm) | 49,2 | 41,7 | 26,1 | 31,5 |
| Pre-tax profit (Rm) | 1,1 | 1,5 | 2,3 | 2,7 |
| Gross margin % | 5,8 | 8,2 | 14,4 | 13,1 |
| Earnings (c) | 16 | 19 | 32 | 35,3 |
| Dividends (c) | 7 | 11 | 12,5 | 14,5 |
| Net asset value (c) | 238 | 282 | 230 | 260 |

**Cadswep appears** to be recovering steadily from consumer resistance which followed the more than doubling of chocolate prices over the past few years. And it also seems to be coping very well with competitors who recently have been cutting margins and even attempting to "buy" market share. While this is not some much reflected in earnings per share, it is apparent in a more wholesome balance sheet.

Total borrowings are down to R12,8m (R11m), net short-term debt is considerably lower at R2,4m (R5,8m) and the debt:equity ratio is a much more comfortable 83,6% (110%). Nevertheless, servicing group borrowings is still expensive. Interest totalled R1,4m (R1,5m) and chewed up 34% (40%) of gross profit

According to MD Neville Bain, the 20% improvement in turnover to R31,5m was obtained by careful targeting of advertising to key brands in both the confectionery and soft drinks divisions. This, with only a small decline in gross margins, led to a gain in market share and enabled the posting of a 10% increase in earnings to 35,3c a share

And, with obviously more confidence in the future, the dividend was hiked by a generous 16% to 14,5c Following an improved debt position, the return on capital employed improved from 15,1% to 16,7%. Both of which should make the UK parent and local shareholders happy.

Evidently the group managed to reduce working capital requirements despite having to fund higher turnover, and it benefited from a favourable cash flow of R3,6m.

In the soft drinks division, the Schweppes franchise recorded significant growth in volume, largely due to the success achieved by Schweppes Sparkling Lemon. Also, the contribution from ABI rose from R459 000 to R497 000, pushing up the yield to 10,8% on the directors' valuation of the 9% stake.

Chairman Charl Cilliers is cautiously optimistic that profits and dividends will improve again this year. Bain feels that Cadswep can outperform its competitors and that confectionery and soft drinks should see demand grow by about 4%, mainly as a result of higher black consumption.

Some brands are sensitive to fuel price increases, but given a more stable cocoa market, costs should be held in check. With the prospect of a higher dividend this year, the 8,1% yield is attractive The one drawback is, that with the UK parent company cornering 66% of the equity, the share has limited marketability.

*John White*

Happiness is . . .

BALANCED FEEDS

186

# Rising prices

FM 13/4/77

The R300m-a-year balanced feed business is reeling from the effects of raw material price increases and supply shortages. The industry, which produces about 2,5 Mt of animal feeds annually, had a negative growth rate of 3% last year and no growth is expected this year.

Last year's price cutting between suppliers should subside, but foodstuff prices are expected to increase abnormally. This could have a ripple effect on the prices of meat, dairy products and eggs.

"About 85% of raw materials in the industry are subject to statutory price controls," comments SA Balanced Feed Association chairman Gerhard Scholtemeijer. "The industry has no control over prices of raw materials, such as maize, wheaten bran, fishmeal, oilcake and lucerne, which have increased alarmingly over the past few years."

Grain products make up 50% of animal feeds. The maize price has increased 55% over the past three years — 16% last year — and a further rise is expected next month.

Fishing prices have already risen by 25% to 30% this year. Fishmeal and oilcake both rose 7% last year.

"We are perturbed about further price hikes soon," says Scholtemeijer. "We expect prices of major raw materials, maize, fishmeal and oilcakes, to increase between 15% and 20%."

Uncertainty about raw material supplies is also a major problem. Fishmeal shipments fluctuate and the shortfall has to be imported. The feed industry uses



95% of the country's fishmeal production. The SA fishing quota is expected to be met this year but the SWA quota, which accounts for about 70 000 t of fishmeal, may fall short. Total fishmeal production is expected to be down to 140 000 t this year (182 000 t).

Soyabeans, the nearest fishmeal substitute, are expected to reach a production figure of only 40 000 t this year (30 000 t) and a minimum of 40 000 t of oilcakes will probably have to be imported.

"The country could easily absorb an additional 100 000 t of soyabeans," says Scholtemeijer, "and efforts should be directed towards increasing production."

Demand from the broiler and layer industries is expected to drop this year because of production cutbacks. And, although the drought may increase demand for feeds from dairy and beef producers, Scholtemeijer fears that this will be offset by consumer resistence to increased prices.

"If there is another 15% to 20% increase in the maize price, the red meat producer whose floor price is only R1,06 a kg for prime beef could well be priced out of the market."

A poultry industry representative comments that any further feed price increases will be difficult to absorb. "Feeds make up 70% of the egg and broiler industries' production costs," he says. "A 10% feed price increase means a 7% increase in the consumer's price."

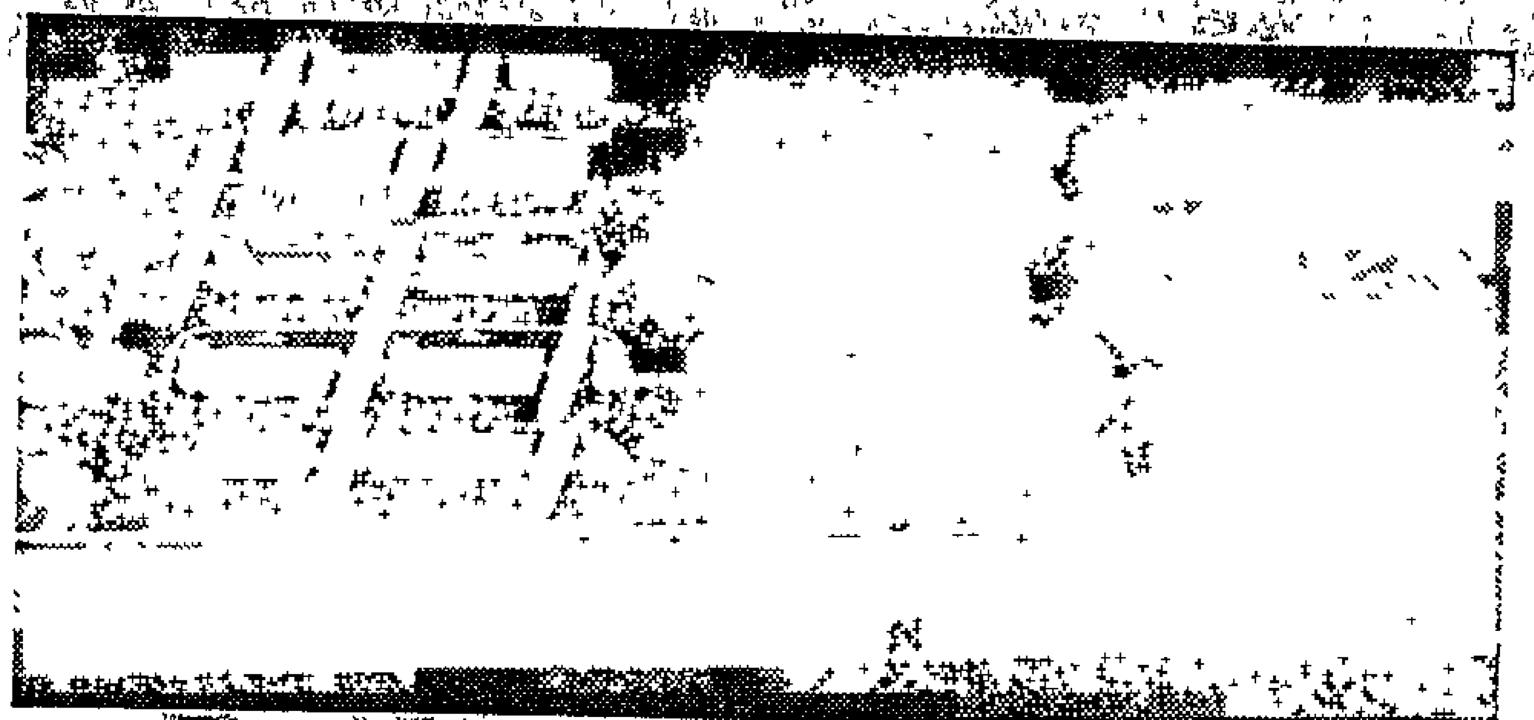
# TALKING SHOP

By COLLEEN SHEARER

Sun Tribune 15/4/79

# The beef banger that never was . . .

(186)



BEEF sausages with pork in them. Not kosher, not kosher at all.

A Jewish man was upset when, after buying beef sausages, he discovered his bangers contained pork as one of the ingredients.

The Food, Drugs and Disinfectants Act lays down certain labelling requirements which are intended to inform and help consumers.

But sometimes it is only those who are specialised — for instance the manufacturers — who really understand the finer points, and while some of them are at pains to make such information clear to the consumer, others are less happy in the spotlight's glare.

Consumers are notoriously negligent about reading instructions but not all the blame rests on them for when a product is called beef sausage one does not expect to find pork in it as well.

Granted, it doesn't state the absence of pork but by implication this meat is not included. At least this was the assumption of the Jewish man who had the wit to study the ingredients panel.

## Curious

This query set Talking Shop's wheels in motion with the whole sausage field coming under scrutiny. It may be helpful to readers to know which products are accurately labelled.

A curious thing is that several products keep mum about their contents and one wonders just what the spotlight would reveal.

It is unrealistic today to take for granted that all is well in the market place and here we cite the case of the Enterprise Ham and Chicken spread which contains neither ham nor chicken — more about that later.

As we cannot take things at face value, out came the magnifying glass for some ingredients panels are incredibly hard on the eyes.

First vienna sausages. Here all brands declared that beef and pork make up the meat content — Renown, Baynesfield, Eskort, Supremacy and Enterprise.

There were 3 brands of beef sausage. Eskort and Renown kept mum on meat content and although Baynesfield was admirably frank, it succeeds in placing itself in a poor light as far as the Jewish and Indian communities are concerned for they contained beef, PORK, binder, salt, phosphate, spices, colourant. As it is listed second the suggestion is that pork constitutes the second largest proportion of the ingredients.

On frankfurters we find Baynesfield declares beef and pork; Pot 'O' Gold has nothing to declare; Eskort's is qualified by the adjective German but still only boasting beef and pork; and Supremacy also beef and pork. It makes one wonder just what the difference is between Viennas and Frankfurters apart from the location.

There is even Enterprise Russian, made with beef and pork; a Supremacy Jagdwurst — made with pork and beef; and a Franke Blutwurst which, like Pot O' Gold just isn't telling what's inside. There are also Baynesfield Bustlers, again made from beef and pork.

All very confusing, isn't it?

Looking at liver spreads we find once again Baynesfield reveals all — pork, salt, spices, dextrose, flavouring, preservative, and one wonders at the absence of liver. Presumably 'flavouring' obliges here but it doesn't seem fair enough.

Supremacy contains pork (also with no mention of liver) and the liver polony by Sampal neglects to say anything. Eskort comes clean on this one, the panel declaring both liver and pork are present, presumably pork liver.

Talking liver gives us an opportunity to mention a new product by Thompson's butcheries. This is Paté du Chef which is liver-based and a pleasing product which costs about 48 cents for 200 g. It will makes its Durban debut soon but is available at Knowles in Pinetown and Thompson's retail outlets.

Renown's liver and mushroom spread lists both of these ingredients.

Other spreads are Renown chicken and ham which is bold enough to declare contents despite the fact that it contains no chicken or ham but PORK. Another case for the Advertising Standards Authority to solve?

Renown's peri-peri chicken spread, however, tilts the scales in their favour clearly declaring both of these. Another Renown spread is smoked ham but if pork means smoked ham then I am in the wrong job.

We return to Enterprise chicken and ham spread. Last December a complaint was lodged about this product for misleading advertising with the Advertising Standards Authority as it contained neither chicken nor ham. That body handed the complaint over to the Department of Health who wrote to the ASA in January saying the matter was receiving their attention.

Since then the only reaction I have noticed is that this product now declares chicken in its label.

Eskort ham and tongue spread declares — yes, you've guessed — pork and beef. Whether the pork is smoked to qualify as ham, and the tongue is actually from a cow we will probably never know.

It appears the Advertising Standards Authority has plenty of homework, and it has been a revelation to find how Porkie the Pig has been getting around . . .

Still on labels and declarations we received a complaint from a diabetic who unwittingly bought an artificially sweetened drink thinking she could safely us it.

It was Sun-Kool artificially sweetened orange drink but in fair-sized print are the words SUGAR ADDED. The Food, Drugs and Disinfectants Act prescribes that when a product contains an artificial sweetener this wording must precede the main title.

Another requirement is the presence, or absence of natural sugar must be stated in letters at least 2 mm high. Sun-Kool declares quite clearly SUGAR ADDED. Deal's is another artifcially sweetened orange drink and it also states, too: With Added Sugar.

A third brand which conforms is Brooke's Orange "D" which is also artificially sweetened but in this case is promises "No Sugar Added"—making is suitable for diabetics.

It surprised me, therefore, to find an artificially sweetened drink on the shop shelves which fails in this respect. It is Popsie, made by Stelon (Pty) Ltd, Durban.

The ingredients' panel declares orange juice, SUGAR synthetic flavouring, acidifying agents, stabilisers, permitted colouring, sodium saccharine and sodium cyclamate. All preserved with sulphur dioxide. Nowhere on the label is the presence of sugar re[illegible] in [illegible] times [illegible]

Soda-Stream [illegible] concentrates all declare they are prepared with synthetic ingredients, amongst them sodium saccharine and sodium cyclamate but nowhere on the bottles is it stated that no sugar is present although I was assured to this effect by the principal of Soda Streams.

[illegible] word on orange. It was cheering to find Tomango Orange Squash has made a comeback. This is one of the good old quality products and I found it at OK Bazaars.

rural areas or cause of deaths' according to the Bantu Reference Bureau (Personal Communication). At least 50 000 deaths among Africans were not registered. These occur mainly in the rural areas. It is estimated that about 10% of the deaths in the main urban districts are not registered for Africans.

METHODS

The following indices were calculated:

1. Crude Mortality Rates.
2. Standardised Mortality Rates. Two standard populations were used: England and Wales representing a developed population and Mexico 1960 for a developing one.
3. Age and Cause Specific Death Rates. Calculated mainly in five year age groups for the seventeen major divisions of the eighth revision of the International Classification of Diseases (ICD).

f Causes of Death.
ity Rates.
f Life. Calculated for 1970, the last census year.
tality Risks.[8] This is the mortality experience of a
der the hypothetical conditions which would exist if a
use of death were eliminated. It gives an indication
ve effect of that cause on the expectation of life.

f rates involves a knowledge of the base population age
on. No official estimates of this are available for inter-censual years. For whites, Asians and 'coloureds, the 1970 population has been projected forward using the age specific survival rates from 1970 and taking into account the actual births and deaths in the 0-4 age group. Allowance was made for migration.

For Africans, a different procedure was adopted as a population figure for only part of the country was required. The 1970 age distribution[10] by magisterial district was used, the numbers being adjusted by the 1974 gross population estimates by economic region.[11]



DISCUSSION

The crude death rates and the standardised mortality rates for whites, Asians and 'coloureds' and urban Africans are presented in Fig. 1. The interpretation of these figures is confounded by the differences in the underlying structure of the population. The population pyramids of the various groups were pictured in Part I with the exception of the urban Africans, which appears in Fig. 2. This population shows an excess of healthy working males and lack of elderly persons as a result of the migratory labour situation.

The standardised mortality rate provides a single figure for the mortality experience of a population which can only be fully expressed in terms of a series of age specific death rates. The SMR is calculated by multiplying all the age specific mortality rates in the observed population by the corresponding numbers in the standard population, adding the number of deaths so obtained and dividing the total standard population. While
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# Fattis strikers return to work

CAPE TOWN — The Fattis and Monis strike ended yesterday when 28 of the 56 strikers returned to the Bellville factory to be welcomed by the general manager, Mr Anthony Terblanche

"Bygones are bygones and we look forward to working in co-operation with you," Mr Terblanche told the first returning workers The other 28 will start on Wednesday

In a statement released yesterday morning, Mr Terblanche said "No reasonable grounds exist for continuing the boycott and I trust the organisers will end it quickly

"I am glad an agreement has been concluded satisfactorily to all parties involved and I want to assure the returning workers that they will find no cause to be unhappy with the conditions of their re-employment"

Most returning workers will be immediately reinstated into the jobs they held at the time of the dispute

Mr Terblanche said the boycott and related actions in support of the striking workers had clouded the original issues behind the dispute No element of political activity should remain "which is neither to the advantage of our workers nor of the business community in general," he said — Sapa

Infant mortality rates are summarised in Fig. 3. Once again, difficulty is experienced in obtaining data for Africans. Birth statistics for Africans are not published by the central government. The various medical officers of health[9] have estimated the infant mortality rates for their urban areas. These show considerable variation. (See also ref.15). A mean figure and the range are given in Fig. 2. These de facto figures should be interpreted with caution as sick infants are often brought to the cities from rural areas. An indication of the situation in the rural areas is given by a sample survey carried out in Cape Town and Transkei among Xhosa-speaking Africans.[12] An increase in infant mortality was observed with decreasing urbanisation, the figure for the completely rural areas being of the same magnitude as those parts of the world devoid of medical services. Fig. 4 summarises the age specific mortality rates of

# ‘Filthy’ halaal firm ordered to close down

CT. 5/5/79 (186)

By JANE ARBOUS

THE immediate closure of Palmo Meat Products (Pty) Ltd was ordered in the Supreme Court yesterday because of "filthy, unhygienic and unkempt conditions" which posed the threat of a widespread outbreak of typhoid in Cape Town

The urgent application to stop production by the Maitland halaal abattoir and meat-processing company — which has 10 subsidiary companies under different names — was brought by the Cape Town Municipality against the managing director, Mr Kader Ismael Paleker

Mr Justice W Viviers granted a rule nisi acting as a temporary interdict, restraining the company from trading till the premises in Voortrekker Road complied with municipal health regulations The return date is May 18 The application was unopposed

According to an affidavit by the Medical Officer of Health, Dr R J Coogan — one of three senior health officers who inspected the premises — said he was appalled at the filthy, unhygienic and unkempt condition of the premises

He feared a widespread outbreak of typhoid or other food poisoning throughout Cape Town if the conditions were allowed to continue

He listed the main defects which, he added, were not all the defects he found Inside the building he found the staff ablution facilities to be "totally inadequate", with no soap provided and a single filthy towel Of the five lavatories on the premises three were broken and one was blocked

The changing rooms were "totally inadequately ventilated" with blood-stained clothing lying around Metal containers used to carry meat and offal were broken and leaking

● In the back yard he found decomposing sheeps' heads scattered on the ground, flies breeding in one of the decomposing heads, scattered rubbish including rusting motor vehicles a large number of cats roaming around, a foul smell and puddles of dirty water

● Inside the abbatoir he found pools of blood and dirty water on the floor, broken windows and doors, with chipped paint, and portions of offal

Inside the cold-rooms he found blood-stained, dirty water in which lay heads, feet and other portions of cattle, and several broken doors

The Town Clerk, Mr H G Heugh, said in an affidavit that Mr Paleker was a butcher describing himself as the managing director of Palmo Meat (Pty) Ltd, 675 Voortrekker Road, Maitland

The company's letterhead read Palmo Meat and Meat Products (Pty) Ltd, Palmo Meat (Rose Street) (Pty) Ltd, Palmo Foods (Pty) Ltd, Greatmore Butcheries, Seventy Niner Holdings (Pty) Ltd Maitland Vinegar Works (Pty) Ltd Berkley Investments (Pty) Ltd, Palmo Investments, K P Furniture Mart, and Jagi (Pty) Ltd

Because of the urgency of the matter Mr Heugh said he was uncertain whether Mr Paleker was the only meat product producer at that address He said the company manufacturered sausages and various types of polonies at its premises

Various inspections had been carried out by Health Department officials, including the personal inspection by Dr Coogan and Mr B J Daniels, chief health inspector, on April 17 this year A further inspection was carried out on the night of May 2 The chief divisional health inspector, Mr J F du Toit made further inspections

According to Mr Heugh the inspections found a serious health hazard existed because of the unhygienic conditions and that the premises were "totally unsuitable" for the purposes for which they were being used

He drew this to the attention of Dr Coogan as he felt the health of "a number of citizens could be seriously affected because of the wide distribution of the company's meat products in the Pennsula A possibility of a typhoid outbreak and other food-related diseases also existed, he added

He sent a letter to Mr Paleker after the April 17 inspection, informing him, of Dr Coogan's findings and laid down certain conditions in compliance with municipal health regulations

Mr Paleker wrote back saying he accepted the conditions In an interview with Dr Coogan, he said he would comply with the requirements in order to put his factory into a proper condition

Despite this, Mr Heugh said, he was informed that Mr Paleker took no such steps and a serious public health hazard still existed

He said Mr Paleker's conduct left him with no alternative but to make the application in the interests of public health

Mr Daniels said in an affidavit that conditions at the factory were "deplorable"

Mr Justice W Viviers presided Mrs E Steyn, instructed by Silberbauers appeared for the Cape Town Municipality

The Star Wednesday May 2 1979 3

① 13 ② 15 ③ 4 186

# Workers walk out after death

Sty 2/5/79

Own Correspondent

About 50 African labourers at a fruit packers' and distributors' co-operative near Joubertina in the Langkloof, have resigned and returned to Transkei because of the alleged killing of a fellow worker by a white manager at the co-operative

A murder docket was opened after the incident and is now with the Attorney-General in Cape Town awaiting a decision about prosecution.

The District Criminal Investigation Officer at Oudtshoorn, Maj C P Snyman, said today Mr Pono Siselle (57) died after allegedly being hit and kicked while he was working at Lanko Co-Op at Louterwater, on March 24.

Mr Siselle is believed to have switched on a machine he should not have and allegedly put another man in physical danger.

The man concerned made a statement to the police.

Major Snyman said he did not know of any uprising of workers at the co-operative or their demanding the sacking of a manager or threatening to kill him, as had been reported in the Press.

The manager of Lanko Co-OP, Mr J P Terblanche, today denied allegations of any action by dissatisfied workers.

He said it was a "normal thing" that blacks came and left the company. It was possible about 50 of the 180 black workers there had left in the last month.

However, no dissatisfaction had been reported to him.

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## BREAKFAST FOODS

# Popping

As you listen to your breakfast cereal snapping and crackling [illegible] thought for leading producers Food Corp and Kellogg battling for domination of the R90m a year ready-to-eat breakfast food market.

In nutrition-enriched food Food Corp's Pronutro developed about 17 years ago as a dietary supplement aimed at combating malnutrition and kwashiorkor [illegible] The product didn't take off amongst blacks [illegible] but when promoted [illegible] it succeeded to the extent that it now commands [illegible] of the ready-to-eat market.

Kellogg hit back recently with its high protein Top Form cereal [illegible] offering a glass of fruit juice [illegible] cup of coffee more than the traditional Pronutro equivalent of a bowl of porridge, milk, egg, rasher of bacon and slice of toast with butter.

Food Corp GM marketing director Ray Wood says his company got wind of the product before it was launched and was able to pre-empt it with Pronutro Great Start. "Things aren't going too well for Top Form," claims Wood. "Great Start has about [illegible] market share compared to Top Form's [illegible] while it made inroads on Kellogg's Special K. Rummers cereal."

He points out that Kellogg is using a promotional angle remarkably similar to ours. "Top Form also plugs the sporting angle, endorsing jogging for fitness, but according to Kellogg marketing manager Jim Linsell this is to emphasise nutritional values and ties in with Health Year."

The upshot of this was that Food Corp [illegible] the Advertising Standards [illegible] (ASA) on the grounds that [illegible] claims [illegible] substantiated [illegible] [illegible] Kellogg was [illegible] ASA [illegible] the pictorial [illegible]

[illegible] Kellogg scored another minor victory by forcing the withdrawal of a leaflet which promoted the Pronutro opening Great competition on the grounds of disparaging wording.

[illegible] Wood [illegible] was a rather hollow [illegible] the promotion had run its [illegible]

[illegible] part of what Wood calls continued [illegible] Top Form has had to be relaunched after a year in which research shows advertising costs exceeded sales, he asserts. Linsell rebuffs this, counter-claiming that it's part of Kellogg's philosophy to revamp packs regularly. "Wood hasn't seen our sales figures either," he adds.

Breakfast foods fall into two main categories: ready-to-eats and hot porridges. Ready-to-eats comprise cornflakes, popped rice, nutritionally enriched foods like Pronutro, instant porridges and the like.

Excluding mealie meal, oats dominates hot porridges but there are also sorghum porridges like Maltabella.

Kellogg leads in other instant breakfast foods. Since it acquired the Post franchise about two years ago it has held about 40% of the ready-to-eat market. The other major seller is Bokomo's Weetbix with a 14% share. GM Philip Barnard plans to double production capacity to meet soaring demand.

Hot oat porridges are a different market worth about R8m annually, with Tiger Oats brands enjoying the lion's share. Between them they have about 70%, with brands like Quaker and Pioneer sharing about 20% and house brands 10%. Tiger Oats' Ben Lewis says: "Things have been pretty static with ready-to-eats preventing expansion." He adds that because SA is a dedicated oats eating nation, Tiger Oats' brands have managed to hold their own.

After all, cost per serving shows that it offers substantial value. "We're moving away from the family cook-up scene at breakfast with individuals doing their own thing."

But research shows that 80% of white SA households have oats in the larder (66% have Jungle Oats) compared to 10% in the US.

The imponderable for the industry is how to break the back of the vast market in black households where 41% eat mealie meal for breakfast, and 17% eat other porridges. It is only a matter of time before the battle royal to be king of the breakfast table moves into the black townships.

S. 2 (Cont.)

1. The revised report eliminates the effect of increased production costs as they are not controllable by the branch manager. Other comments:

2. Increased contribution from increased prices.

3. The increased price of widgets may have caused the decrease in volume of widgets. As these have a much higher marginal income ratio than gadgets it might have been better not to increase the price. Consider reducing the price if it will stimulate demand.

4. It seems as though there has been a successful promotion of gadgets (volume-wise) in spite of the increased price, but these have a relatively low marginal income ratio which, combined with the reduced volume of widgets, has resulted in an adverse mix variance.

5. Increased selling effort is reflected in the 126% increase in travel and entertainment, and the 28% increase in office expense.

# Baking industry needs more cash

186

13/6/79

By GERALD REILLY
Pretoria Bureau

THE BAKING industry is in trouble

The chairman of the SA Chamber of Baking, Colonel George Boerstra, said yesterday his chamber would petition the Wheat Board for an interim increase in margins to compensate for the fuel price hike.

Rising costs had cut deeply into profitability, and relief was essential

Millers have already asked the board for interim relief

Colonel Boerstra said increased costs in the baking industry were being studied and a further adjustment in margins would have to be made from October 1

Pressure on the Government to increase the bread subsidy would intensify now that a steep increase in the price was virtually certain from October 1

It has been stressed by Senator Anna Scheepers, president of the Garment Workers Union, and other trade union leaders that with South Africa's vast pool of workless blacks, bigger food subsidies would be a wise investment in stability

Pressure from the trade union movement as well as from opposition politicians to persuade the Government to allocate at least part of its gold tax bonanza to halting the spread of hunger in the townships will continue

The Progressive Federal Party's financial spokesman, Mr Harry Schwarz, says the benefits of the bonanza must be spread to include all population groups — "and none needs it more than our huge population of poorly paid workers"

Meanwhile there are three major reasons why the price of bread is expected to be increased by 25% or more from the beginning of the new wheat season in October

These are

- The 36% increase in fuel prices
- A substantial rise in the wheat price
- Bigger margins for millers and bakers

A Government source said that without taking into account the rise in the wheat price, an increase in the bread price of about 2,5c to 3c a loaf could be justified

The source pointed out that even with a 25% price rise, South African bread would still be the cheapest in the Western world

The following prices were being charged for a 900g loaf in March this year in various Western capitals

Bonn R1,18, Brazilia 81c, Brussels 84c, Buenos Aires 75c, Canberra 74c, Copenhagen R1,30, London 57c, Mexico City 44c, Ottowa 65c, Paris R1,68, Rome 62c, Stockholm R1,60, The Hague 66c, Tokyo R1,03, Washington 98c

The Western world average is 75c a loaf, according to official international statistics

# Butchers lash out at abattoir

186
NM
13/6/79

Mercury Reporter

**MANY Durban butchers have been driven to the brink of despair over meat deliveries from the new Cato Ridge abattoir in the past few days.**

Worst affected are independent butchers who buy their meat themselves or through agents Some questioned yesterday said their orders were only being received late at night — "even after 11 p.m." said Mr David Logan, owner of the Model Butchery in Mayville

Mr Logan also complained he was not receiving the exact amount of carcasses he was ordering and said he had been unable to obtain any offal since the new operation began

**Ridiculous**

Mr N Spence, of Roseglen Butchery, said: "Deliveries from the abattoir are just ridiculous Only yesterday I ordered three pigs, got one sent to me and finally ended up with four."

An Overport butcher said he was convinced the abattoir complex had been opened prematurely "It's a shambles I have not received one scrap of offal since the beginning In the past I was able to get as much as I wanted."

**Reply**

Mr. J Butchler, of Crossways Butchery on the Bluff, said "For the first time in 20 years I have had to go to a wholesaler to get the stock I need "

In reply to the "small" buyers, the South African Abattoir Corporation's managing director, Mr Ben Kruger, said they were the ones causing the disruption with deliveries

"They are not there when their time comes to load and they have been ordering large quantities which cannot be taken away in one load

"The smaller buyer then promises to come back early the next day and expects express service when he rolls up in the afternoon."

**Problem**

He said abattoir officials were even telephoning buyers to fetch their orders. "Having to go to that sort of extreme is a good indication of the problem we have

"We have ample manpower and brainpower to clear the meat if these people will just co-operate "

Wholesalers and larger buyers were "pulling their weight magnificently", he said.

IMPERIAL COLD STORAGE FM 22/6/79

# Impeccable record

**Activities.** *Processes and distributes perishable foods on a national basis Major shareholders are Old Mutual (17%), Common Fund (17%), and Tiger Oats (14%)*

**Chairman and managing director·** *W H Neate*

**Capital structure** *23,7m ordinaries of 25c 700 000 5,5% cum prefs of R2. Market capitalisation R53,3m*

**Financial** *Year to February 28 1979. Borrowings long and medium term, R21,8m, net short term, R1,7m. Debt equity ratio 42,5% Current ratio 1,4 Net cash flow R16,6m, Capital commitments R12,8m*

**Share market:** *Price 225c (1978-79: high, 287c low, 150c trading volume last quarter, 493 000 shares) Yields 20 9% on earnings, 6 4% on dividend Cover 3,2 PE ratio 4,8*

| | '76 | '77 | '78 | '79 |
|---|---|---|---|---|
| Return on cap % | 17 9 | 17 9 | 18 8 | 18 0 |
| Turnover (Rm) | 339 | 397 | 446 | 501 |
| Gross profit (Rm) | 16 4 | 18 9 | 21 7 | 23 7 |
| Gross margin % | 4 8 | 4 8 | 4 9 | 4 7 |
| Earnings (c) | 34 0 | 35 1 | 40,9 | 47,1 |
| Dividends (c) | 11,5 | 12 0 | 13 0 | 14 5 |
| Net asset value (c) | 242 | 263 | 293 | 332 |

**Higher fuel costs,** affecting distribution, higher wages, and the need to continually update its transport fleet and distribution facilities, promise to test management to the full this year if further food price rises are to be kept to a minimum and profitability maintained In addition, drought conditions have led to higher commodity prices and a shortage of some items, like milk

Last year, however, ICS fared well. On a record turnover of R501m, which was 12,3% up, net taxed profit increased by a commendable 15,8% to R10,1m even after writing off R1m in goodwill As such, the directors felt confident enough to raise the dividend from 13c to 14,5c, while keeping the cover at 3,2 times, on an adjusted basis Taking cognizance of planned capex of R12,8m this year, the increase of 11,5% in the dividend was generous

Interest paid remained substantially the same at R3,7m, representing but 16% of gross profit Also, total borrowings were reduced over the year by roughly R2m to R36 3m, giving a comfortable debt equity ratio of 42,5% (50,4%) At the same time, stocks were well controlled, dropping slightly to R33,95m

Chairman W H Neate admits that ICS's gross margins, while constant over the

Financial Mail June 22 1979

past four years, are nevertheless modest in relation to the high cost of installations required by law to process and distribute perishable food products

He is especially concerned with the escalating costs of distribution ICS operates a large fleet of refrigerated delivery vehicles In addition, the programmed replacement of vehicles is proving to be a major cash drain

During the year the replacement programme of dated facilities continued, although the completion of the meat packing plant at City Deep, Johannesburg, was unfortunately delayed by fire and only came on stream just before the year-end In Cape Town the new distribution centre

Berkley Road proved satisfactory and further rationalisation is in hand in the Western Cape In Natal, the rationalisation of the activities of Federated Meat Industries with those of Orchid Foods (acquired along with an interest in Bull Brand Foods in 1976) has progressed to the point where benefits are expected in the current year

Following an enquiry into the distribution of meat, particularly in connection with 'after-hours' availability, the regulations have been amended to allow frozen meat to be available in certain outlets This should create new demand, which ICS says it can easily handle

The competitive situation in the processed meat market continues to be intense, while in the poultry division the consumption of broilers continues to rise, albeit at a lesser rate, in contrast to static sales of beef and mutton

Sea Harvest landed more hake during the year, mainly as a result of the production of the 320 km economic zone, very mild winter conditions, off the West Coast However, here again the of fuel and replacement of trawling city threatens to push the price of out of reach of the average consumer nless quotas are raised in line with eased trawling yields

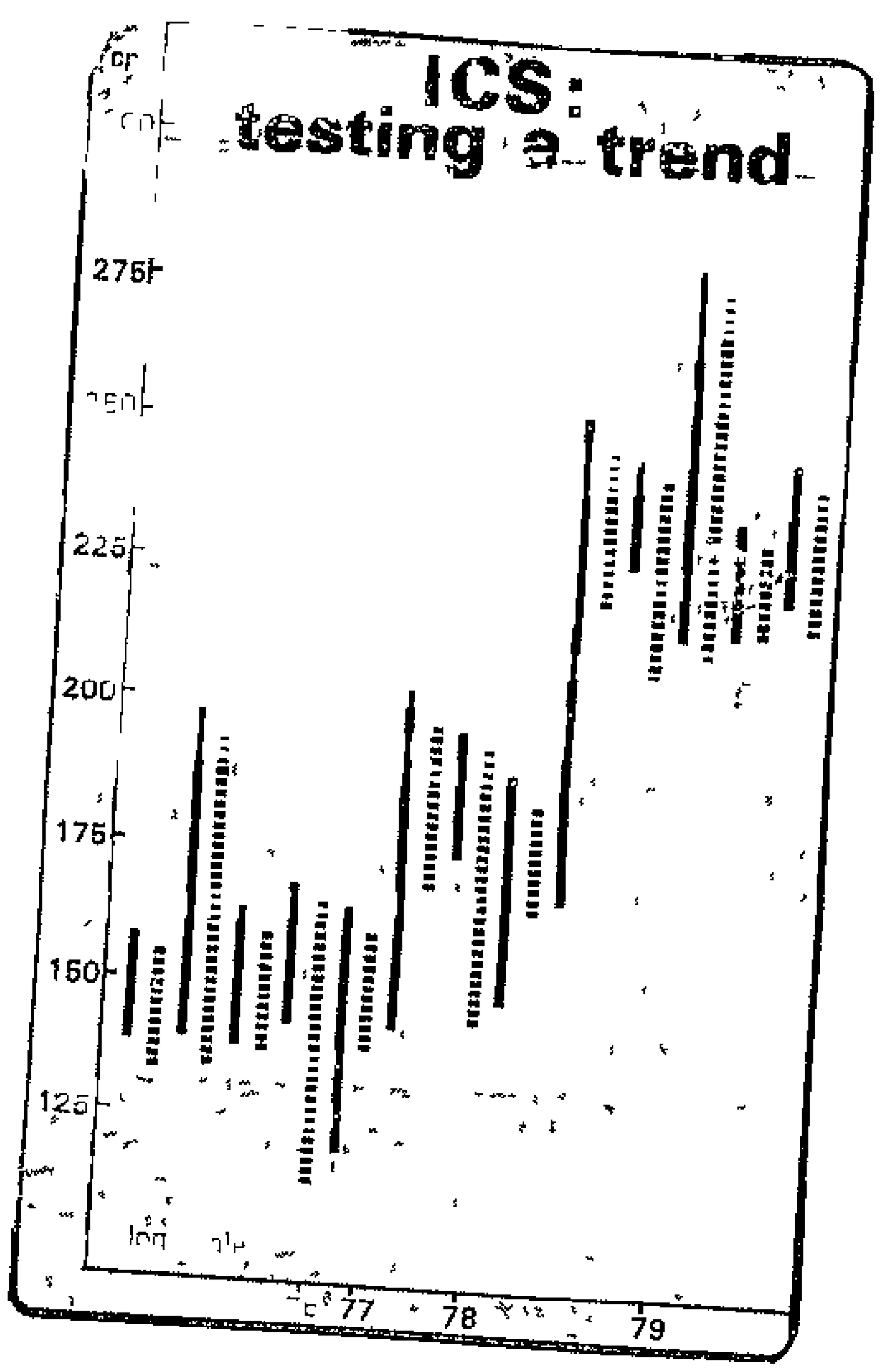
espite the heavy capex programme, m was spent last year, ICS has aged to hold its margins In fact, over past five years it has consistently roved its returns by finding suitable stment opportunities.

ividends have grown less, however, as er built up to the current level — ch appears to have stablised In part, has led to ICS's conservative image, pite an impeccable record In the text of the food sector, the yield of % is attractive — even allowing for the verse impact of higher distribution sts on profitability this year *John White*

## DATES TO REMEMBER

**Last day to register for dividends·**
**Friday June 29** AT Cons 120c, ATI 24c Avhold 12c, Apex 50c, Ass Manganese 30c, Bank OVS 6c, Berzack 4,5c, Bivec 1c, Blyvoor 65c, Bonmore 7c, C G Smith Invest 27c, Cementation 7c, Consolidated Murchison 30c, Doornfontein 40c, Durban Deep 40c, ERPM 10c, ET-Cons 35c, East Drie 55c, Elsburg 7,8c Fugit 3,5c, Grootvlei 36c, Hartebeestfontein 290c, Kanhym 9c, Kloof 80c, Libanon 100c, Marievale 40c, Mercatrust 15c, Middle Wits 22,5c, National Selections 32c, Oceana 1,18c, President Catering 50c, Primrose GM 2,5c, Randfontein 250c, Rooiberg 90c, Union Tin 9c, Venterspost 30c, West Drie 415c, Western Areas 12c, Zandpan 49c
**Meetings·**
**Monday June 25** Barlow Rand (S)
**Tuesday June 26.** Burlington Ind (Salt River), Landbou-Chemiese, Oil (Cape Town), Sappi (S)
**Wednesday June 27** Hepworths (Cape Town)
**Thursday June 28.** Columbus, Coronation Brick (Durban), Hortors, Jabula Simmer & Jack (Germiston)
**Friday June 29:** Alex Lipworth, Argus, Crookes (Durban), Dundee, Progress Ind (Durban), Twins

All meetings are in Johannesburg unless otherwise stated
S = Special meeting



FOODS FM 25/6/79 (186)

# Meaty stuff

SA's meat substitute industry has received a welcome shot in the arm from the escalating prices of the real stuff

Estimates put current consumption of texturised vegetable protein (tvp — so called because of the extruding and spinning process used to give it a similar texture to meat) at 4 000 t/year. Retailing at R1 000/t, this is worth R4m and consumption up as much as 75% on figures of a year ago, local manufacturers are smiling

According to Tiger Protein Industries' Mike Scott, this wholly-owned subsidiary of Tiger Oats has 42% of the market. "Being 30% cheaper than red meat, tvp is catching on with institutional buyers such as industrial feeding firms and hospitals," he says. Tiger has invested R500 000 in plant capable of producing 1 3 t/hour of the foodstuff which is made from defatted soya flour

In order to protect its investment, Tiger has applied for an alteration in the duty structure for imported tvp. The Board of Trade and Industry has been asked to change the present 20% duty to a 20% or 80c/kg less 80c *ad valorem*. "Present prices from the US at $675/t are 20% lower than the local stuff," says Scott, "we're asking for protection from dumping when there's a good soya crop in the US"

The other main producer is Premier Milling's Jabula Foods (20%) which gets its soya flour from Tiger, although this is essentially a sideline

Tvp is mainly sold in the bulk to institutions, although more and more is being flavoured and packed for supermarket shelves. And with lower prices for the local product, there's very little adverse reaction to the application. "Provided local soya growers can supply the raw product, it's fine," says a packer who doesn't foresee any shortage.

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reached between Pinetown firm Smith & Nephew and the (unregistered) National Union of Textile Workers would thus be illegal unless the union succeeded in passing the registration tests

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ship householders have then had to repay. In Soweto for example 38c is collected from each household each month on a school levy in addition to home and site rent. White schools, on the other hand, are paid for by the State

Education and Training's total budget is up 20% this year, to R182m. This is the second highest percentage increase permitted by Finance Minister Owen Horwood (the Department of Statistics is the biggest). Most of the rise goes on capital spending. And it is surely needed

There is a backlog of 7 000 classrooms in the urban areas alone. Joubert Rousseau, Secretary for Education and Training, tells the *FM* that a new classroom costs about R7 000, so the backlog will cost R49m to wipe out at current prices. Providing classrooms for the increasing school population will swell the sum even more, Rousseau points out

Of the R10m for 1979/80, R6m is earmarked for secondary community schools, and the rest for primaries. A further R250 000 is allocated as a rand for rand grant for schools in the new Ndebele bantustan

The new schools will help the Department phase out the "platoon" system in which the same buildings house two distinct schools — one in the morning and one in the afternoon

Teacher training also gets a financial boost. The 1979/80 allocation is up R3,2m (89%) on last year's budget. Three new teachers training colleges, at Mabopane, Imbali and Fort Beaufort, are among the main projects

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# Union assets 'seized by angry workers'

Rand Daily Mail 30 March

By RIAAN DE VILLIERS
Labour Correspondent

MRS MAGGIE Magubane, acting general secretary of the black Sweet, Food and Allied Workers' Union, laid a complaint with the police at John Vorster Square yesterday in an effort to recover union assets which have disappeared under mysterious circumstances.

The assets — including all union records and a vehicle — have been removed from the possession of Mr Skakes Sikhakhane, a leading trade unionist who was sacked recently as general secretary of the union.

Mr Sikhakhane was to have handed over the union's assets to Mrs Magubane by 12 noon last Friday.

Instead, his lawyer has claimed in a letter that Mr Sikhakhane was unable to hand over the assets as they had been removed by "angry workers".

This is the latest in a series of incidents since Mr Sikhakhane, director of the Urban Training Project and chairman of the Consultative Committee of Black Trade Unions, was sacked as general secretary of the union at an executive committee meeting last month.

Mr Sikhakhane with three members of the union executive supporting him — including the president and vice-president — refused to accept his dismissal as valid. He repeatedly refused to hand over the union's assets to Mrs Magubane, who had been appointed acting general secretary.

On Wednesday last week an executive committee meeting was held in the presence of lawyers representing both parties.

Resolutions were passed confirming Mr Sikhakhane's dismissal, Mrs Magubane's appointment and ordering that the assets be handed over to Mrs Magubane.

Mrs Magubane was also authorised to take legal action to recover the assets if Mr Sikhakhane failed to hand them over.

The resolutions were all passed by 16 votes to three. It is believed Mr Sikhakhane accepted that they were valid.

On Thursday a lawyer's letter was sent to Mr Sikhakhane requesting him to hand over the assets by 12 noon on Friday or face legal action.

Mr Sikhakhane, however, failed to do so.

On Monday his lawyer wrote a letter claiming that some of the assets had been removed by "angry workers", but undertaking that the rest would be handed over on Tuesday.

[illegible] the lawyer claimed in a further letter that all the assets had been removed and that Mr Sikhakhane was no longer able to hand them over.

The issue [illegible] expected would be discussed at a union executive meeting last night.

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# Union Officials

MR Brian Williams, an electrician and a [illegible] Electrical and Allied Workers' Union, said [illegible] promise made at last week's meeting of [illegible] was unrealistic and seemed to him to be [illegible] officials and executive members in their p[illegible] due to be held some time in July

Cape Herald

At the meeting the secretary, Mr C Shield, had said that a new wage agreement was due to be signed in September and that there was every hope that the minimum wage would rise from R2,35 an hour to R3 an hour.

Mr Williams, who was present at the meeting, said that in the present economic conditions he could not see how such hopes could be held out.

He told Cape Herald that the officials were merely taking steps to entrench themselves in power for another three years by getting votes from hopeful union members.

SITTING PRETTY

"What do we do if in September, the new wage is not R3? We'll just have to accept what our union does for us — but the executive will be sitting pretty for another three years."

Mr Williams was critical of the failure of the union's officials to inform the members that an executive member, Mr T Whittle, had resigned more than two general meetings ago.

"Even now we don't know what steps are being taken to replace Mr Whittle.

"A man resigns after 22 years' service and we don't know about it. We don't know why he resigned. But we elected him in the first place."

CONFERENCE

Mr Williams also slammed the union officials for spending nearly R2 000 of members' money to attend a three-day conference at Margate during August last year — and then not bothering to report what had happened there.

"The time has come for the members of the union, the rank and file electricians, to make their presence felt. We must stop having people whom we have elected ruling [illegible] unhindered over us," said Mr Williams.

Another point Mr Williams was concerned about was that the minutes of the previous meeting were incorrect in that what he regarded as an important question and its answer were excluded. This matter was about the fact that the tenants, bricklayers, plasterers and painters in the building trade were getting a higher minimum rate than electricians.

Mr Williams was involved in a tumble with the union last year after he claimed that the union was not representing him properly in a dispute with his employer. The matter was subsequently settled to the general agreement of all the parties. Recently Mr Williams injured his back in a fall from a temporary stand at the swimming championships at Worcester and was bedridden in hospital until the day before last week's meeting.

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[illegible] large chain [illegible] also used the [illegible] to justify

Yet, the [illegible], Assocom's members in the commercial distributive trade have been dealing with whites only and coloureds and Asians-only unions for over three decades

Says shopworker unionist Morris Kagan: "When they came out with this non racial policy a few years ago we dismissed it as a tactic. Non racial unions can't be registered and this sort of attitude is a convenient way of ducking the issue."

The situation in the shopping industry raises another issue. What if workers don't want to belong to non racial unions? The coloured shopworkers' union wants complete integration — if the Wiehahn commission allows it — but the African and the white union both want to maintain their separate identities, while co-operating on specific issues in a federation

Says CCAWUSA general secretary Emma Mashinini: "Are employers now going to insist that we integrate? The domestic affairs of the unions are none of their business."

It is also difficult to see employers — despite their claims that they don't like uni racial unions — breaking off relations with whites only unions if Wiehahn provides for mixed unions

How does Assocom react to charges of a contradiction between principle and practice? It won't say. Approached by the *FM* with queries arising out of its letter to Tucsa — which the Johannesburg Chamber of Commerce itself made public — executive director Raymond Parsons would say only: "In view of pending developments in this field — both in the private sector and from the Wiehahn report — Assocom would prefer not to elaborate on its letter to Tucsa at this stage. Your queries confirm the need for the urgent publication of the recommendations of the Wiehahn commission."

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0 6 APR 1979

TRADE UNIONS
Financial Mail

# Principle and practice

When is a racial trade union not a racial trade union? When it is for whites (or other non African workers) only. Or that, it seems, is the attitude of Assocom and a growing number of industrial employers

Replying to a Tucsa letter asking for its comments on black trade union recognition, Assocom says its long standing policy is that "industrial procedures should be restructured on non racial lines." It adds that many employers are reluctant to "negotiate formal agreements" with unregistered unions on the grounds that such agreements "could carry no legal force."

According to unionists in the commercial distributive trade, Assocom has repeatedly told them that it will not recommend African union recognition to members because it prefers a single non racial union. The unionists have been trying to gain recognition for the (unregistered African) Commercial, Catering and Allied Workers' Union

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New group fires Koka
Post 30 Mar.

By JOE THLOLOE

THE secretary general of the Black Allied Workers Union (Bawu), Mr Drake Koka, banned and in exile, was this week expelled from the union by a dissident group

Expelled with him is the president, Mr Alfred Mahlangu, the acting secretary general, Mrs Mary Tsoke, and six other members

At their conference in Durban last weekend, the dissidents decided to change the name of the union to the South African Allied Workers Union (Saawu)

The Durban conference, at the Hotel Asoka, was attended by 16 delegates

This week, the secretary general of the dissident group, Mr S E B Kikine, issued a Press statement saying that Mr Koka, Mr Mahlangu, Mrs Tsoke, Rev Johannes Seola, Mrs Florence Mkhize, Mr M J Khumalo, Mr Reuben Mashabane, Mr Jabulani Dlamini and Mr Tayo Mtshali, were expelled

The group alleged that the expelled people "had misrepresented the union."

Yesterday Mr Mahlangu told POST that he regarded the expulsions as a big joke

"These 16 individuals who call themselves delegates expel us from an organisation and in the same breath form a new organisation," he said.

Rapport 24/6/79

(186)

X

# Kruidenierskode mik na boete van R200 000

Deur DAAN DE KOCK

**AS die Vereniging van Kruideniersware-Vervaardigers van Suid-Afrika sy jongste gedragskode vir die kruideniersbedryf aanvaar kry, kan groot kettingwinkels soos Pick 'n Pay, die OK en Checkers, boetes van tot R200 000 opgelê word indien hulle hierdie kode oortree. Die kleintjies natuurlik ook.**

Die Vereniging probeer reeds lankal om so 'n gedragskode uit te werk, maar tot dusver het die groot verspreiders en die kettingwinkels min daarin belang gestel.

Die hele aangeleentheid gaan oor die mag wat die groot verspreiders en kettingwinkels besit in die afdwing van pryse en die sogenoemde konfidensiële afslag.

Die Vereniging van Kruideniersware-Vervaardigers beweer onder meer dat die groot verspreiders en die kettingwinkels onder andere daarvoor verantwoordelik is dat die opbrengs op die beleggings van genoteerde voedselmaatskappye sedert 1974 sterk gedaal het of minstens onveranderd gebly het, terwyl die kettingwinkels hul posisies aansienlik verbeter het

Daarby word verder beweer dat die mag wat die groot kettingwinkels het om pryse en konfidensiele kortings af te dwing, hoofsaaklik daarvoor verantwoordelik was dat die aantal kleinhandelsake van 28 900 in 1970 tot 26 800 in 1978 gedaal het

Verder het die gedeelte van die afset van vervaardigers aan groot kettingwinkels die laaste tyd sterk toegeneem, met die gevolg dat sekere van die vervaardigers op die oomblik meer as 60 persent van hul produksie aan hierdie winkels lewer.

Die Vereniging sê die uitwerking van die afdwing van pryse deur die groot kettingwinkels het tot gevolg dat vervaardigers hul pryse aan kleiner kleinhandelaars aansienlik moet opstoot om hul winsgrense te behou.

Aangesien die groot kettingwinkels net in sekere gebiede gekonsentreer is, het dit tot gevolg dat 'n sekere gedeelte van die bevolking (gewoonlik dié wat nie motors het nie en ver van die kettingwinkels is) die meer gegoede gedeelte van die bevolking moet subsideer.

Die kettingwinkels gaan egter nie hiermee saam nie. Hulle sê dit is 'n vrye ekonomie en hulle probeer die beste pryse vir hul klante kry. Daarby is hul winsgrense oor die algemeen ook baie laag en is hulle vir hul voortbestaan van 'n groot omset afhanklik.

Hoe dit ook al sy, die gesprek tussen vervaardigers, die groot verspreiders en die kettingwinkels het sedert die onlangse aankondiging van min Chris Heunis dat ondersoek na die aangeleentheid ingestel gaan word indien die betrokke partye nie 'n oplossing kan vind nie, oënskynlik nie veel vrug afgewerp nie Die jongste uitstel wat deur die minister verleen is, verval einde vandeesmaand, en soos sake nou staan, is 'n klaarblyklike oplossing nog nie in sig nie.

Die Vereniging van Kruideniersware-Vervaardigers stel in 'n resente memorandum sy jongste gedragskode voor. Daarin sê hy dat 'n subkomitee saamgestel moet word onder die Raadgewende Komitee van Handelspraktyke om dit te beheer.

Daar word ook gevra dat streng boetes opgelê moet word indien die kode verbreek word. Hulle vra dat die eerste oortreding strafbaar sal wees met 'n boete van R10 000, die tweede met 'n boete van R50 000 en die derde en verdere oortredings met 'n boete van R200 000

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c) Ander lede:

| | |
|---|---|
| Mnr K. Bosman | Mnr H.W. Midd |
| Professor A. Cupido | Eerw. M.T.L. M |
| Mnr N. Daniels | Professor A.D. |
| Mnr Achmat Davids | Sheik A. Najaa |
| Professor R.J. Davies | Mnr Victor Nor |
| Professor J.J. Degenaar | Professor N J |
| Mnr René de Villiers | Mnr L. Phillips |
| Dr I.D. du Plessis | Professor H.P |
| Professor J.J.F. Durand | Mnr W.J. Septem |
| Professor J.B. du Toit | Mnr Franklin Sc |
| Mnr A. Flederman | Mnr P.M. Sonn |
| Professor R F. Fuggle | Regter J.H. Ste |
| Mnr G.J. Gerwel | Mnr R. Tobias |
| Eerw. D. Guma | Professor R.E va |
| Professor A. Paul Hare | Professor J H v |
| Dr Gertrud Heydorn | Mev. S. Walters |
| Mnr F.A Jacobs | Professor F.A.H |
| Mnr H.M. Jimba | |

d) Twee Ere-Fellows·

Professor J.L. Boshoff
Dr Sheila T. van der Horst

Lede word na die Algemene Jaarvergaderi
skappy uitgenooi en kies elke drie jaar
op die Beheerraad. 'n Verkiesing is in
huidige ampsdraer is Biskop A.W. Habelga
verpligtinge aan lede opgelê word nie, w
pleeg in verband met sake wat die Sentru

NAVORSING

Gedurende die verslagjaar het die navorsi
Sentrum die volgende behels

A. Mobiliteit en Politieke Verandering i

Hierdie projek is 'n paar jaar gelede aange
soek onder die kleurling bevolking van die
eiland is onderneem. 'n Aantal tydelike nav

Rapport 1/7/79

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# The Tongaat Group Limited

## Voorsittersverslag

*Mnr C J Saunders, Voorsitter*

Oorsig van die 1978/1979-jaar

Dit verskaf my groot genoeë om die aandeelhouers in kennis te stel dat die groep vir die tiende agtereenvolgende jaar rekordverkope winste en verdienste per aandeel bereik het Miskien is dit hierdie laaste statistiek wat van besondere betekenis vir aandeelhouers is aangesien die konsolidasie van Primrose Industrial Holdings, nou Tongaat Corogroup Beperk, natuurlik beteken dat ons grootte en omset baie groter is as wat dit verlede jaar was Totale groepomset vir die jaar beloop R231 miljoen, vergeleke by R160 miljoen in 1978 Dit weerspieël 'n styging van R71 miljoen, waarvan R36 miljoen regstreeks toegeskryf kan word aan die insluiting van die Primrose-groep Die gekonsolideerde winste na belasting het gestyg na R12 567 000, wat 16,8% hoër is as die vergelykende syfer vir 1978 en verdienste per aandeel het gestyg met 8,5 sent of 16,3 persent tot 60,7 sent per aandeel Dis hierdie laaste styging wat die werklike prestasie van die groep gedurende die jaar demonstreer Ek is besonder verheug met die resultate want hoewel die Suid-Afrikaanse ekonomie sy herstel gedurende die jaar begin het, het die sektore waarin die groep verteenwoordig word tot die grootste mate moeilike handelstoestande ervaar en is ons resultate bereik in toestande wat nie minder veeleisend as die vorige jaar was nie

Aangesien die suikerbedryf se vraagstukke net so moeilik as verlede jaar s'n was, het die aankoop deur die suikerafdeling van Melville Sugar Estates gesamentlik met C G Smith Sugar Limited, 'n bykomstige 100 000 ton suikerriet aan ons meul verskaf wat tesame met die voortdurende hoë peil van werkdoeltreffendheid die afdeling in staat stel om verhoogde winste aan te kondig

Die wêreldsuikerprys het egter regdeur die jaar op die needrukkende peil van sowat £100 per ton gebly en die bedryf moes R25 miljoen leen om vir die tekort in bedryfsopbrengs te vergoed Teen hierdie pryspeil is die vooruitsigte vir die bedryf onaantreklik, hoewel die toestand kan verbeter indien die Verenigde State die internasionale suikerooreenkoms bekragtig Nietemin, die wêreldvraag na suiker groei steeds en met die voortsetting van die beheer behorende by die internasionale suikerooreenkoms, moet die oorhangende reserwevoorraad minder word en toestande in die bedryf uiteindelik herstel soos nog altyd in die verlede gebeur het Boonop is daar 'n wêreldwye belang in die produksie van brandstof-alkohol uit suiker wat die wêreld se voorsiening/aanvraagsituasie kan verbeter

Met die stygende staatsbesteding aan ekonomiese en subekonomiese behuising, is die geleenthede vir die afdeling om party van sy nuwe produkte, wat hoofsaaklik op massabehuising mik besonder rooskleurig Boonop is daar 'n groeiende besef dat die hoe instandhoudingskoste wat vanselfsprekend in sekere goedkoper huiskonstruksies voorkom, 'n belangrike en voortgesette vraagstuk in toekomstige jare gaan word, wat die huidige pogings om die behuisingstekort uit te skakel, kan teenwerk Die klein premie wat aanvanklik in die oprigting van laekostebehuising in onderhoudvrye boumateriaal toegepas kan word, vinnig ingehaal sal word deur besparing op instandhouding, en met die inflasie in ag geneem kan daar geen twyfel wees nie dat oor die tydperk van intense pogings wat in vooruitsig gestel word om die huisagterstand uit te wis, die gebruik van onderhoudvrye materiaal nie net volkome geregverdig is nie, maar noodsaaklik in inflasionêre toestande

Die samesmelting van die Corogroep en Primrose se werksaamhede het die afdeling tot 'n stadium gebring waar dit die boubedryf tot 'n maksimum voordeel kan dien en waar groter aandag gerig kan word op sulke gebiede soos kliëntediens, gehaltebeheer en produkontwikkeling Aansienlike kosteverminderings en ander rasionalisasievoordele het plaasgevind a g v die samesmelting, hoewel hulle slegs tot die algehele prestasie van die afdeling bygedra het gedurende die laaste deel van die jaar

Die winsbydrae van die tekstielafdeling het 'n rekordpeil bereik. Dit kan hoofsaaklik toegeskryf word aan die afdeling se verpligting tot die bereiking van 'n produkgehalte van hoë peil en kliëntdiens, asook die leidende posisie in die ontwikkeling van produkte wat voldoen aan die veranderende kliëntebehoeftes Die tekstielbedryf is onbestendig van aard, hoewel dit op sigself geleenthede bied, mits die bestuur gevoelig is vir veranderende omstandighede en vinnig en sterk reageer soos nuwe geleenthede opduik Ek is dankbaar om te sê dat Whiteheads aan hierdie vereiste voldoen het en gereed is om in die komende jaar voort te gaan om daaraan te voldoen
'n Besonder vol bestelboek was regdeur die jaar aan die orde van die dag en sedert die einde van die boekjaar betree die afdeling 'n belangrike uitbreiding wat die gebruik van nuwe tegnologieë by sy tekstielfabriek in Tongaat behels om 'n doeltreffender diens aan sy kliënte te verskaf

Die voelsel- en dierekosafdeling se welslae in elkeen se eie werksfeer was gemeng Die sampioenbedrywigheid het voortgegaan om goed te presteer en rekordwinste is behaal Afgesien van prysenswaardige besparings en bekwaamheid in die pluimvee-afdeling, spyt dit my om te sê dat dit 'n probleemgebied bly en bygedra het tot 'n verlies van die algehele groepresultate Die ongunstige toestand in die eierbedryf gaan voort en is toe te skryf aan 'n massa eiersurplus, en dis ironies dat die pogings tot kostebesparing en doeltreffendheid regdeur die bedryf lyk asof dit slegs die getal eiers, wat deur minder henne gelê word, verhoog Die dierekosmaatskappye het 'n aansienlike sukses op uitvoergebied ervaar, maar ongunstige toestande op die binnelandse mark, hoofsaaklik as gevolg van die algemene ekonomiese klimaat, het slegs 'n marginale wins uit hierdie bron tot gevolg gehad

Die groei wat in die afdelings elektriese ingenieurswese en elektronika gedurende die afgelope jaar ervaar is, is ongelukkig nie voortgesit nie en die afdeling het 'n laer wins getoon Trivetts in die besonder was nie in staat om dieselfde winspeile te handhaaf of rekenskap te gee van die bedrukte toestande wat regdeur die skeepvaartbedryf geheers het nie, hoewel daar teen die einde van die jaar 'n verbetering te bespeur was United Electronics het egter bevredigend presteer en toon hoer winste Hierdie afdeling geniet talle geleenthede vir groei en uitbreiding en het die stadium bereik waar 'n ordeliker konsentrasie van sy kragte om hierdie geleenthede te benut, oorweeg moet word, om 'n te groot mate van fragmentasie van sy pogings te vermy

### Groep-finansiële Doelwitte en Oogmerke

Aangesien die konsolidasie van Primrose Industrial Holdings die finansiële struktuur van die groep raak — veral ten opsigte van die leningspeil van die groep — bly die algehele finansiële struktuur gesond. Te meer, die projeksies van die groepwerksaamhede bo sy beplanningshorison tot 1983 dui op 'n voortgesette vermoë om die hoë groeipeil van die afgelope dekade te handhaaf — nieteenstaande die feit dat die ernstige ekonomiese resessie van die afgelope drie jaar die onlangse groeiprestasie, gesien teen 'n historiese gemiddelde, geknou het Tog toon die 16,8-styging in belaste winste vanjaar 'n terugkeer na vorige winspeile en as die ekonomie aanhou om te herstel, behoort 'n bevredigende groeipeil deur die beplanningstydperk tot 1983 voort te duur

Die groep se huidige program om die opbrengs wat verdien word in bestaande bates en werksaamhede te verbeter, sal vanjaar verder aandag geniet en sal toegespits word op die minder presterende werksaamhede in die groep. In dié opsig is baie reeds bereik, hoewel daar nog baie plek vir verbetering is.

Ons het nie die perke van ons lang- en korttermyn-lenery hersien nie en die groep se doelwit bly op beperkende rentedraende skuld wat nie 33% van die totale aangewende kapitaal oorskry nie Om enige moontlike onewewigtigheid te vergoed wat in die fundering van die voorgestelde tekstieluitbreiding en ander projekte kan voorkom, is besluit om aan aandeelhouers voor te stel dat die groep se statutêre aandelekapitaal verhoog word deur die skepping van bykomstige aflosbare preferente aandele.

### Toekomsvooruitsigte

Aangesien die ekonomie aan die einde van 1978 begin herstel en die toestande in die meeste van die groep se werksaamhede verbeter, is die toekomsverwagting vir die komende jaar bemoedigend en op hierdie tydstip voorspel ons 'n verdienste van 70 sent per aandeel vir 1980 Die voortdurende verhoging van die prys van petroleumprodukte, tesame met die vooruitsig van 'n vermindering in die beskikbaarheid daarvan, is 'n bedreiging vir baie van die groep se werksaamhede, aangesien al ons hoofafdelings noodwendig groot voorrade brandstof verbruik. Politieke ontwikkelings in Zimbabwe Rhodesië en Suidwes-Afrika is vloeibaar en kan die verbruikersvertroue in die Republiek negatief of positief beïnvloed — weer eens met aansienlike gevolge vir ekonomiese herstel Daarom, hoewel die vooruitsig tans aktief is, moet aandeelhouers bewus wees dat hierdie faktore die finale winste vir 1980 kan beïnvloed.
Die groep sal nogtans positief vorentoe beur en voortgaan om die talle geleenthede wat daarvoor oop is binne sy bestaande gebiede van werksaamheid tot die uiterste van sy vermoë te eksploiteer.
Ten slotte wil ek graag my innige dank en waardering uitspreek teenoor die direksie, die bestuur en alle afdelings, asook aan alle werknemers vir hulle getrouheid en doeltreffendheid gedurende die afgelope jaar

C J SAUNDERS, voorsitter
Maidstone, Natal
7 Junie 1979

| Vergelykende Hoogtepunte | 1979 | 1978 | 1977 |
|---|---|---|---|
| Gekonsolideerde wins na belasting (R000) | 12 567 | 10 760 | 10 201 |
| Verdienste per gewone aandeel (sent) | 60,7 | 52,2* | 49,4* |
| Dividende per gewone aandeel (sent) | 23,2 | 20,0* | 19,2* |
| Totale bates (R000) | 277 509 | 207 004 | 197 384 |
| Gewone aandele uitgereik (000) | 20 936 | 16 331 | 16 304 |
| Boekwaarde per aandeel (sent) | 643 | 594* | 557* |
| Omset (R000) | 230 990 | 160 061 | 145 237 |
| Aantal werknemers | 21 545 | 16 716 | 17 715 |

*Aangepas vir 1 vir 4 kapitaliseringsuitgifte van 19 Januarie 1979

JABULA FM 6/7/79 (186)

# Narrower margins

**Activities** *Manufactures markets and distributes low cost foodstuffs and beverages (Bantu Beer) mainly for the black market Has processing plants in Springs and Durban 75,5% owned by Premier Milling.*

**Chairman**· *J Bloom*

**Capital structure**· *1,3m ordinaries of 50c Market capitalisation R5,5m.*

**Financial**· *Year to March 31 1979 Net cash R1,6m Current ratio 2,1 Net cash flow R628 000 Capital commitments Nil*

**Share market**· *Price 430c (1978-79: high 750c, low, 400c, trading volume last quarter, 3 700 shares) Yields 15,6% on earnings, 8,8% on dividend. Cover· 1,8 PE ratio 6,4*

| | '76 | '77 | '78 | '79 |
|---|---|---|---|---|
| Return on cap % | 45 7 | 43,4 | 38 2 | 25 8 |
| Turnover index* | 114 6 | 136 0 | 154 3 | 163,1 |
| Pre tax profit (Rm) | 1 60 | 1 71 | 1 85 | 1 34 |
| Earnings (c) | 78 2 | 80 3 | 92 3 | 66 9 |
| Dividends (c) | 41 | 41 | 45 | 35 |
| Net asset value (c) | 270 | 310 | 364 | 393 |

*Base 1975 = 100

**Although Jabula's** profitability fell 28% on a marginal drop in sales it produced a strong balance sheet which reflected a continuously liquid position (R1,6m cash reserves), coupled with no gearing. This enables the company to take advantage of any capital investment propositions which might come its way in the near future, as well as aiding it in combating the strong competition it now faces from companies such as Tiger Oats and Fedfood

The directors attribute the fall in profitability to increasing raw material costs and the necessity of keeping retail prices down in order to remain competitive and retain market share. The company has also lost certain production profits to Epol, for which it used to produce certain lines but which are now produced "in house" by that company

The problem facing Jabula relates in some way to its cash position. The capital investment programme undertaken over the past few years is winding down, and no new capital commitments are reflected in the annual report. However parent Premier Milling's annual report hints at diversification programmes for this year, which should increase sales and resultant profitability. Although nothing has been mentioned specifically, it is expected that this programme will involve import-substitution in the high-technology food processing area

Whether such capital investment will absorb a large part of the available cash resources which Jabula holds is unlikely, as it is thought that available plant will be utilised to carry out the diversification. Hence it is strange that the dividend was cut by 16% to 35c. Management appears to have been overly conservative in its payout policy, although retaining so much cash in the company does give Premier access to some relatively cheap financing (its present interest rate is around 11%) and does afford a certain tax saving for the holding company

Given that the company is able to capitalise on its strong financial position, the downturn experienced last year should be seen as temporary. With adequate cash resources for likely developments, there is scope for a more generous dividend policy This would go some way to improving the share's rating.

*Jonathan Bader*

1828

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## FEDFOOD

FM 6/7/79 186

# Time to consolidate

**Activities:** *Diversified food company, operating in fishing, milling, bakeries, snacks, vegetable and industrial oils and wholesaling Fedvolks is the ultimate holding company*

**Chairman·** *C J F Human, managing director J D Louw*

**Capital structure·** *17m ordinaries of 50c Market capitalisation R45,9m*

**Financial:** *15 months to March 31 1979 Borrowings long and medium term, R15,3m, net short-term, R20,0m Debt equity ratio 55,3% Current ratio 1,3 Net cash flow R25,0m Capital commitments R5,7m*

**Share market·** *270c (1978-79 high, 325c, low 205c, trading volume last quarter, 110 000 shares) Yields 15,2% on earnings 8,3% on dividend Cover 1,8 PE ratio 6,6*

| | '75* | '76* | '77* | '79† |
|---|---|---|---|---|
| Return on cap % | 42 8 | 32 2 | 22 6 | 14 7‡ |
| Turnover (Rm) | 54 9 | 54 9 | 116,4 | 253 0 |
| Pre-tax profit (Rm) | 13 54 | 11,76 | 10 75 | 15 46 |
| Gross margin % | 24 9 | 21 7 | 10,2 | 7 65 |
| Earnings (c) | 71 | 61 | 49 | 51 |
| Dividends (c) | 39 | 35 | 26 | 28 |
| Net asset value (c) | 249 | 262 | 298 | 330 |

* = 12 months to December 31 † = 15 months to March 31 ‡ = Annualised

**The past two** years have seen Fedfood following an ambitious diversification programme aimed at reducing its dependence on the volatile fishing industry It is now firmly entrenched in the food industry with interests in grain processing, snacks, wholesaling, and industrial oils, as well as its traditional fishing interests

Diversification has not been cheap The company has taken over the ailing Simba group, 51% of Ruto and Boerstra Bakeries, and the total share capital of Champions Milling and the Cashmart chain during the past 16 months, issuing 2m ords and gearing up to 55% to finance these purchases The result has been an increase in interest payments to R3,9m — an annualised increase of 176%

Although high, interest payments are not excessive being covered 5 times by gross earnings With cash flow of R25m last year, and likely to grow, debt servicing should pose no problem, provided management consolidates in order to improve the debt equity ratio through organic growth

And growth is certainly possible The Simba group has been turned around in the past 15 months, from a loss maker in 1977 of the order of R1,2m to a profit maker last year of R1,5m Simba is now market leader, reflecting sound and aggressive management inputs since the takeover

Milling activities are experiencing strong competition from the "giants" — Premier and Tiger Oats — and the result of this has been the squeezing of margins to remain competitive However the Ruto interests are showing improved performance from a low profitability base at the time of acquisition, and if the same synergies that worked at Simba can be applied here, the division should improve its contribution to group profits

In the light of volatility of the fishing industry, Fedfood appears to have made the right decision Although acquisitions did not contribute substantially to earnings initially , management was obviously confident that it had the expertise to turn them into substantial profit earners in the short term The success of Simba proves the soundness of this move The traditional "cash-cow" of the company, fishing, now contributes only 36% of group profits, and this proportion will probably not change substantially in the future However the relatively high-margin fishing operations continue to underpin group profits

It is clear then that the company has diversified rather quickly, and has high hopes for its new acquisitions Nevertheless, now is the time to consolidate and improve the profitability of the group as well as reducing the debt and interest burden Last year's results reflected the high costs of growth, with the dividend being cut an effective 16% on an annualised basis So although sales rose 74% annualised, pre-tax profit increased by only 15%

This was the result of squeezed margins and the effects of management and policy changes within the group Also the acquired companies which were bad performers at the time of takeover only started showing profits towards the end of last year Management is confident that this year milling and snacks will improve their profit contributions However, the milling operations will be more difficult to improve than was the Simba division, due to increasing raw material costs and stiffer competition Also the company might face consumer resistance to higher prices resulting in even tighter margins for this division

Provided Fedfood continues its aggressive marketing policy this year, and formalises policies and procedures aimed at cutting costs and improving profitability, there is no reason why the rating should not improve on increased cover

## MONIS & FATTIS

(186)

# Pasta's profit

FM 3/8/79

**Activities:** *Principal subsidiary, United Macaroni, operates wheat and maize mills producing pasta and bread and is diversifying into chemical and cosmetics manufacturer Holds 1,5m ords and 179 000 8% cum red prefs in SA Breweries The majority of shares are held by Moni Bros (Pty) Ltd*

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**Chairman·** *J J Moni*

**Capital structure·** *2,8m ordinaries of 50c 60 000 6% cum prefs of R2 Market capitalisation R5,7m*

**Financial:** *Year to January 31 1979 Borrowings long and medium term, R3,4; net short term, R4,9m Debt equity ratio 83,2% Current ratio 0,93 Net cash flow R1,03m Capital commitments. R749 000*

**Share market:** *Price 202c (1978-79 high, 275c, low, 175c, trading volume last quarter, 3 400 shares) Yields 3,4% on earnings, 6,2% on dividend Cover 0,55 PE ratio 29,3*

**Despite a 14%** increase in turnover, gross margin plunged from 11,1% (1977) to 4,9% (1979) Pre-tax profit dropped from a consistent R1,1m for the past three years to R348 000

Reasons advanced by chairman John Moni for the considerable decrease in earnings were escalating production and transport costs in the milling, pasta manufacturing and baking divisions together with unexpected trading losses incurred by the newly-acquired chemical companies Moni tells me that controls have since been tightened considerably in the chemical companies and that a reversal of the situation is in sight Easing the bad news is the increase in the price of pasta which should improve gross margins

| | '76 | '77 | '78 | '79 |
|---|---|---|---|---|
| Return on cap % | 11,7 | 11 1 | 14,2 | 8,8 |
| Turnover (Rm) | 15 2 | 18 9 | 21 4 | 24 |
| Trading profit (Rm) | 1 3 | 1 1 | 1 0 | 0,4 |
| Gross margin % | 10 9 | 11 1 | 6,6 | 4 9 |
| Earnings (c) | 33 8 | 29 9 | 26 5 | 6 9 |
| Dividends (c) | 12 5 | 12 5 | 12 5 | 12 5 |
| Net asset value (c) | 373 | 353 | 348 | 350 |

Capex of R2,4m was funded to the tune of about 50% by increased long-term borrowings, resulting in the debt·equity ratio increasing to 83,2% (69,4%) with a decrease in net working capital of R483 000 However, Moni says that the capex programme has now ended save for the transfer of the Bellville mill and the acquisition of a small bakery.

However, with long-term debt of R3,7m secured by freehold properties and as repayment at an annual R0,5m, distributable earnings will probably be under restraint for some years.

Management appears determined to maintain the 12,5c dividend despite an earnings of only 6,9% giving a cover of 0,55. With interest charges increasing by 24% to R830 000 and gross profit cover decreasing to 1,3 (2,6), the declaration of R356 000 to shareholders appears a bit generous Even so, operations seem well under control with inventories as a percentage of sales a steady 16% (17%) and receivables 12,4% (11,3%) of sales.

Whether or not the Cape-based consumer boycott of the company's products will have anything but a marginal effect on turnover and profits remains to be seen. But as far as investors are concerned, any set-back is likely to be small and short-lived Longer-term growth seems firmly established

A wait and see approach is probably the best advice to investors The interim report is due within a few weeks and should reveal whether an immediate benefit is likely from the recent relatively heavy capex programme

*Edward Hunt*

results and dividend

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RDM 13/8/79

# Fattis and Monis boycott hits Tvl

By RIAAN DE VILLIERS
Labour Correspondent

THE move to extend the boycott of Fattis and Monis products to the Transvaal gathered momentum yesterday when several powerful organisations pledged to take an active part in the boycott campaign

Representatives of Inkatha, the Committee of 10, the Labour Party, trade unions and students' organisations formally committed their organisations to the campaign at a meeting in Johannesburg.

The boycott, which started in the Western Cape, is aimed at securing the reinstatement of black and coloured workers who went on strike at the firm's Bellville South plant more than three months ago

Among the trade unions are three affiliated to the Trade Union Council of South Africa (Tucsa) — the National Union of Distributive Workers (NUDW), the National Union of Commercial and Allied Workers and the Witwatersrand Liquor and Catering Trade Employees' Union

Also joining the campaign are three unions affiliated to the Consultative Committee of Black Trade Unions — the Commercial Catering and Allied Workers' Union, the SA Chemical Workers' Union and the Laundry, Dry Cleaning and Dyeing Workers' Association,

The striking workers may eventually receive backing from Tucsa itself which, with over 200 000 workers, is the largest trade union co-ordinating body in the country

The NUDW has handed in a resolution to be debated at the Tucsa annual conference next month, calling for moral and financial support for the workers

A member of the Community Action Support Committee organising the boycott in the Transvaal told the meeting yesterday the boycott had been placed on a national basis and a similiar committee had been formed in Durban

He said the boycott had now taken off in Benoni with many stores pledging not to stock products of Fattis and Monis or its subsidiaries.

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# Mixed facilities — but secret

TOILET integration at Nestle SA is kept secret.

This is what the company's managing director, Mr P C Bowes, told us when he was asked how far his company had gone in the integration of its facilities.

And, although we told Mr Bowes of the articles we have written on integration at other companies and that none of these companies has had trouble with the law, he would not allow us to publish the fact that their workers were free to use any facilities they please.

"You know what the Factories Act is all about, and publication of such nature will antagonise us with labour inspectors," he said.

The Factories Act prohibits integration of facilities at certain areas in a factory.

Break . . . workers playing table tennis.

The company has not had any legal restraints or hostile reaction from its white workers to integration.

Nestle is a Swiss company and does not subscribe to either the EEC code or the Sullivan Principles. Instead it has drawn up its own code — the Corporate Philosophy Code (CPC).

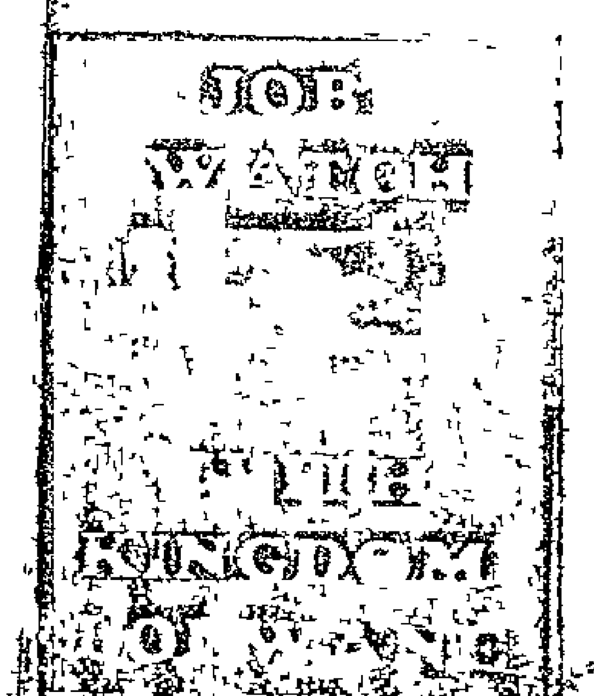
The company employs 1 502 Africans, 920 whites, 402 coloureds and 236 Asians.

There are 19 grades at Nestle — Grade 1 (highest) to Grade 19.

The table at the end of the article shows the number of people by race from Grade 1 to Grade 11.

Mr Bowes could not give us figures of the people from Grade 12 to Grade 19.

**POST:** Do you have blacks in positions where they supervise whites?



Mr Bowes: I wouldn't say it is a great number, but we do have some as heads of departments and having whites working under them.

Mr Bowes would not say in what jobs these blacks are.

The company's minimum pay is R234 a month for workers in urban areas and R221 for those in the rural areas.

Mr Bowes says the difference in the rates is that workers in rural areas do not have to use transport to and from work like those in urban areas.

"Towns in rural areas are nearer and people normally walk to work," he says.

The minimum pay does not include the company contributions. Mr Bowes could not tell us how many people are on this minimum pay.

"All I can say is that they are on Grades 18 and 19," he says.

The least paid white at the company earns R234 a month and is on Grade 19.

The company bases its minimum pay on the Supplemented Living Level for a family of five in Johannesburg. This is R185,88 a month.

The company's CP code maintains a minimum salary commensurate with a reasonable standard of living which should be the SLL plus 50 percent.

What machinery is the company using for negotiating with the workers?

Mr Bowes says they have liaison committees for the four race groups. Each committee elects two to three people to form an integrated committee.

"I know there are two integrated committees at our largest factories in Mossel Bay and Escourt," he added.

The committees meet once a month to discuss employment practices.

What is the company's attitude to trade unions?

Mr Bowes says his company acknowledges the right of employees' freedom of association and representation on matters relating to conditions of service and of employment.

"No worker will be victimised if he joins a trade union," Mr Bowes says, "and this will not even affect his job."

He says they were approached by the Food and Canning Workers Union for recognition but their workers turned it down. They were also approached by the Dairy Employees Association — a white union — which was also unsuccessful in recruiting their workers for membership

What is the company doing to upgrade its black staff?

Mr Bowes says they have an advancement programme for blacks. He said during 1978, blacks who attended formal training sessions were in large numbers.

"Training sessions amounted to 1 180 man days," he says.

The following are some of the programmes that workers at Nestle attended:

Supervisory course, junior analyst course, first aid course, professional selling skills seminar, assistant microbiologist course, security guard course, management and leadership training course, and interpersonal skills seminar.

The company has donated R45 000 to a technical training centre in Ga-Rankuwa near Pretoria. The company is also involved in a trader training scheme in line with the National African Federated Chamber of Commerce.

Nestle also gives loans of up to 90 percent to their black workers to either build or improve their houses. The company has also given several donations to the Orlando Home for destitute children.

| Grade | Blacks | Whites | Job |
|---|---|---|---|
| 1 | — | 1 | managing director (MD) |
| 2 | — | — | vacant |
| 3 | — | 4 | directors under MD |
| 4 | — | 5 | managers |
| 5 | — | 26 | chief accountants and chemists |
| 6 | one to qualify | 43 | product managers |
| 7 | 3 | 56 | sales managers |
| 8 | 7 | 87 | product specialists |
| 9 | 15 | 102 | administration controller |
| 10 | 32 | 158 | shift supervisors and senior sales representatives |
| 11 | 70 | 124 | credit clerks, sales representatives and financial supervisors |

(186) 30/8/79 Post

# FIRED WORKER TO TAKE DAIRY FIRM TO COURT

**NEL'S DAIRY, the company that has been involved in labour disputes, is to be brought to court on a charge of contempt by one of its workers.**

Mr Joseph Mabaso, a dairy worker alleges that he was dismissed from Nel's Dairy after a Supreme Court order against the company restraining it from dismissing him and 24 others for trying to form a works committee to negotiate their grievances.

Mr Mabaso (49) was the first applicant in that case.

He now alleges that after the order, he was fired by the company.

His lawyers yesterday confirmed that he had issued summonses against the company. They also said Nel's Dairy had acknowledged receipt of the summonses.

But Mr Hans Nel, one of the company directors, yesterday refused to confirm or deny the receipt of the summonses.

"We have no comment to make," he said.

In an affidavit prior to the court order, Mr Mabaso had alleged that he had been at the company's employ for 25 years and that the majority of the black employees have been unhappy and discontented with the condition of employment offered by Nel's Dairy for a considerable period.

**PETITION**

He and six other employees submitted a petition calling for the establishment of a works committee in terms of the Black Labour Relations Act. Three of the six were subsequently fired.

The company had also rejected a further petition of 150 signatures and proposed a liaison committee instead of a works committee.

7/9/79

(186) (180) (196) FM 7/9/79



CALAN

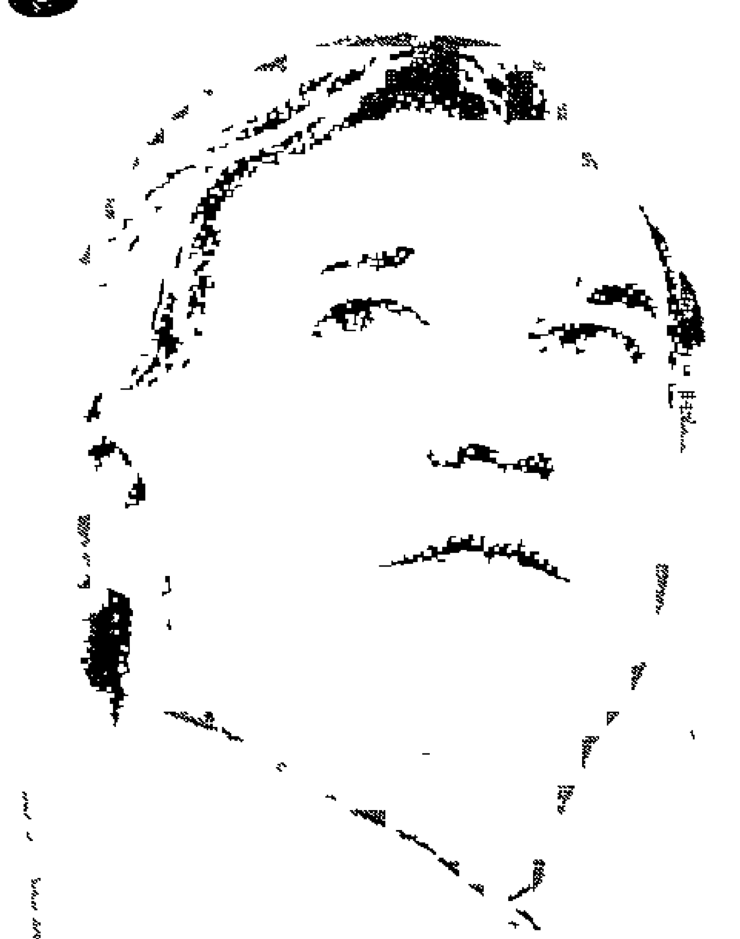
# Shipshape again

**Activities:** *Manufacturing group with interests mainly in plastics, rubber, lighting and electrical equipment Directors hold 6,4% of the equity*
**Chairman:** *P Grobbelaar*
**Capital structure.** *7,4m ordinaries of 25c*
**Market capitalisation:** *R23,7m*
**Financial:** *Year to June 30 1979 Borrowings long and medium term, R13,3m, net short-term, R15,3m Debt equity ratio 87% Current ratio 1,7 Net cash flow R5,2m Capital commitments R2,9m*
**Share market.** *Price 320c (1978-79 high, 375c, low, 240c, trading volume last quarter, 202 000 shares) Yields 24% on earnings, 10,3% on dividend Cover 2,3 PE ratio 4,2*

| | '76 | '77 | '78 | '79 |
|---|---|---|---|---|
| Return on cap % | 19 6 | 20 1 | 15 1 | 17 0 |
| Turnover (Rm) | 107 3 | 120 6 | 131 9 | 147 5 |
| Pre-tax profit (Rm) | 8 2 | 8 7 | 6 9 | 7 4 |
| Gross margin % | 9 9 | 9 6 | 7 5 | 7 3 |
| Earnings (c) | 73 | 88 6 | 69 4 | 76 9 |
| Dividends (c) | 30 | 32 | 32 | 33 |
| Net asset value (c) | 375 | 424 | 433 | 439 |

**Chairman Peter Grobbelaar's** forecast last year of earnings of 77c was spot on and suggests that management now has a tight rein on its broad spread of investments It also indicates that the group is well over the setback experienced in 1978 — but it still has a long way to go before matching those record earnings of 88,6c achieved in 1977

At the interim stage, pre-tax profit was 4% ahead at R3,5m and trading conditions were then said to be difficult, particularly for those companies operating in the plastics field The situation appears to have improved in the second half Turnover for the year was 12% up at R147,5m But,



Peter Grobbelaar . . . pulling it all together

because of a slightly lower gross margin of 7,3%, pre-tax profit rose by only 7%

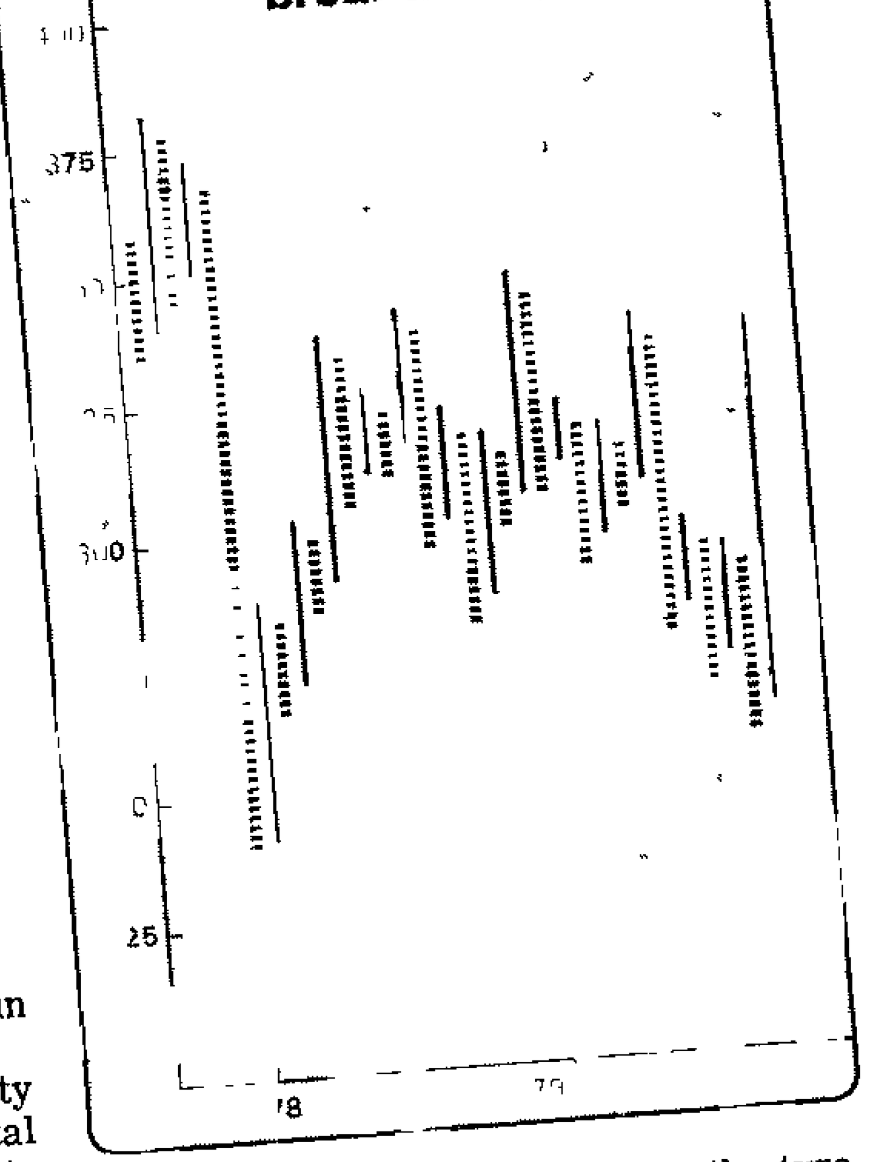
Nevertheless, there was the opportunity to strengthen the balance sheet Total borrowings were reduced from R32,4m to R28,6m, particularly in the short-end Consequently the debt equity ratio improved from 100,6% to a more comfortable 87% Interest paid, however, was higher at R3,4m (R3,0m), leaving the leasing and interest charges covered an unchanged 2,4 times by gross profit

The rationalisation that led to the formation of Lascon Lighting is nearly complete and, with a sound order book, profitability is expected to improve further this year

In the previous year Omega-Barfel — which caters mainly for the soft drink, liquor, dairy and fishing industries — only ran at 40% of capacity as orders for large injection mouldings rapidly fell off Omega-Barfel is once again trading profitably, although Grobbelaar warns that, while there is a precarious balance between the cost of plastics and competing products, any further escalation in the cost of oil-based raw materials could led to substitution by, say, pulp and paper products

The imposition of speed limits, the abolition of resale price maintenance and the increase in fuel prices has obviously had an impact on distances travelled both by commercial operators and private motorists So it is not surprising that Natyre's market has shrunk Conditions remain difficult as distributors and retreaders fight for market share, but Grobbelaar has

CALAN: image breakthrough




faith in the long-term outlook for the tyre industry and feels that Calan should retain its investment in this sector

Another cause for concern last year was the trading position of Consolidated Power In an effort to boost sales, certain of Litecor's outlets were added to CP's network and an option to acquire 50% was exercised, giving Calan 75% of CP

With so broad an operating base, at least one sector can be expected to be seriously out of kilter Last year it was Conti-Calan, the equal partnership with Continental Gummiwerke of West Germany Subsidiary, Corrosive Resistant Coatings, experienced a severe downturn in profitability and Conti-Calan suffered a net loss for the year

Since the year-end, Calan has sold this investment but has retained DI Fram and SOS Footwear Both are profitable and the sale brought in R600 000 in cash

In line with current practice and with possibly a shrewd eye to the group's investment rating, Grobbelaar has set certain management objectives Among them is the aim of a pre-tax return of at least 25%, the limiting of shareholders' funds to 40% of total assets and of debt to less than 100% of shareholders' funds, and, at the end of the day, to pay at least a twice-covered dividend

This time round, Grobbelaar is looking

## DATES TO REMEMBER

**Last day to register for dividends:**
**Friday September 14:** Alex Lipworth 3c, Anamint 230c, TW Beckett 23c, Berkshire 3c, Brick & Clay 5c, Claude Neon 7,5c, Cons Glass 40c, Edcon 14c, Edgars 175c, Globe 27,5c, Hugh Parker 2,5c, I&J 9c, Natal Chemical 18c, National Bolts 16c, NFS Motors 6c, Plate Glass 4,75c, Shipwrights 25c, South Atlantic 19c, Steelmétals 27,5c, Twins 4c, Union Corp 19c, Welfit Oddy 5c
**Meetings:**
**Monday September 10:** Fed Volks, SA Selected
All meetings are in Johannesburg unless otherwise stated

(iv) Proportional Mortality, accounted for by sp

(v) Expectation of Life. This was calculated and at 45 years of age ($e_{45}$) for both males and fema average number of additional years an individual wou beyond birth and 45 years.

For Africans, the proportional mortality was the on

RESULTS

The infant mortality rates (IMR) and standardised mo for whites and 'coloureds' are provided in Fig. 2 an the whites have experienced a steady decline in both since 1929, the 'coloureds' after an initial decrease static IMR since 1950 and an increase in their SMR si

From 1941 to 1970, the white IMR has fallen from 50,9 an improvement of 57,6%. During this period, the 'c decreased from 164,8/1 000 to 132,6/1 000, a change c This is of particular concern when it is appreciated IMR, the more easily should improvements be accomplis in SMRs between 1941 and 1970 were 28,4% and 25,7% fc 'coloureds' respectively.

The age specific mortality rates are summarised in Fi is inevitable, it is to be expected that decreases in perience of younger age groups will give rise to a cc in mortality amongst elderly persons. Thus, althoug that for both whites and 'coloureds' the mortality ra the age of 65 years have shown a rising trend, it is the mortality rates have also increased between 1960 in the 25-44 and 45-64 years age groups.

The imbalance between the age specific mortality rates 'coloureds' has improved or remained constant for pers of 5 and 64. However, for children less than 5 years between whites and 'coloureds' is widening. In 1941, one year old experienced 28,0% of the mortality of 'co

For

a 13% improvement in earnings to 87c ly view is that until the balance sheet as been further strengthened and current apex fully funded, retentions will remain high So look for a 2,5-times covered dividend of 35c, giving a prospective yield of 10,5% Grobbelaar has done much to restore the group's investment image and it is reasonable to expect the market to lower the yield to within striking distance of the sectoral average of 6,7% over the next year or so

John White



by 1970, this figure had decreased to 15,7%, indicating that the whites had improved disproportionately to the 'coloureds'. Similarly, for children 1 to 4 years of age, during the period 1941 to 1970, the white mortality experience as a percentage of the 'coloureds' had decreased from 15,2% to 7,1%. It should be noted that the 0 year age specific death rates are higher than the corresponding IMRs. This is because the denominator for the former is the number of live births whilst for the latter it is the mid-year populations under one year of age.

Fig. 4 provides an indication of the proportional contribution of selected causes of death to the overall mortality experience of the white, 'coloured' and African communities.

During the period 1929 to 1970, the whites have shown a changing spectrum of mortality which is classically associated with an improving health status. Infectious diseases have become less important and the major causes of death are increasingly related to Cardiovascular and Neoplastic diseases. The 'coloureds' and Africans, however, have a persistently high proportion of deaths caused by infectious diseases. The Africans exhibit a spectrum of mortality which is characteristically associated with developing communities, whilst the 'coloureds' appear to occupy an intermediate position between the whites and Africans, although it is clearly much more similar to the Africans than it is to the whites.

What is of particular concern about the 'intermediate' position of the 'coloureds' is that it would appear to incorporate the worst of both the developed and the developing experiences. This becomes apparent from Table II which provides a more detailed analysis of the different diseases contributing to the overall mortality of the whites and 'coloureds' in the form of cause specific mortality rates for defined age groups. Thus, although cardiovascular diseases are consistently responsible for a fairly small proportion of the overall mortality of the 'coloureds', Table I indicates that the actual rates for cardiovascular diseases have been fairly similar for both whites and 'coloureds' since 1941.

Clearly, the broad diagnostic categories used in this analysis conceal a certain amount of information. However, because of the changes in disease classification which have taken place since 1929, it is not possible to examine the temporal changes of mortality rates in greater detail. Disease categories with rates greater than 5/1 000 appear in italics in Table II. It will be noted that the mortality experiences of the 'coloureds'

# Cooking with canned food

NM 18/9/79

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AT FIRST, canned food was created simply to preserve basic foods so that they could be used by people not easily able to go to shops for their everyday purchases.

It was taken by armies, navies and explorers to foreign countries where the food could not be trusted But soon most families came to realise that canned food could also enable them to have a supply of meat, vegetables and fruit always available in the house They could have the produce of the season on any day of the year

As this demand grew, the canners learnt how to can more and more foods Meat and vegetables had been the first, soon followed by fruit and fish All these consisted of the basic food in brine of water or syrup simply to keep the food moist

Then came the first extension as sauces were made to go with the meats and cereals The most famous of these of course was the creation of baked beans and tomato sauce which quickly became the world's biggest selling canned food and was produced by dozens of canners all over the world who offered their different sauces to lovers of the baked bean

Soups followed sauces and a whole range of soups both **traditional** and **exotic** soon became available Puddings were next as **dieticians** and cooks combined with the technicians to create puddings which would can perfectly and could be enjoyed by millions And so, in one lifetime, what had started as a few basic products became a total food service to be used in whatever way a cook wished

Using canned food is very simple, but there are some aspects which sometimes confuse new housewives and it might be useful to answer some of the points most often raised

**How long do you cook food from cans?**

You don't cook the food from cans as it is already cooked What has to be done is not cooking, but reheating This is very important to remember because the food does not benefit from being cooked for a long time

**How do I reheat the food then?**

You can choose between two ways Either empty out the can and heat the food in its juice in a saucepan, or put the can into boiling water If you choose the second way vegetables are heated better with the lid off and puddings with the lid on. With other foods the instructions on the can will suggest you pierce the top IT IS VERY IMPORTANT TO READ THE INSTRUCTIONS because the whole canning process has been done with the instructions in mind and their recommendations should be followed carefully

WORD MEANINGS

**Traditional:** A long-established custom or method of procedure

**Exotic** From or as if from a distant and often tropical country

**Dieticians**· Experts in diet and nutrition

**NEXT WEEK: More questions answered.**

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# Kentucky pay 'chickenfeed'

**JOB WATCH with JOE THLOLOE and KINGDOM LOLWANE**

**MINIMUM pay at Kentucky Fried Chicken is R41,C7 less than the Minimum Living Level (MLL) for a family of five in Johannesburg.**

The company negotiates with its workers on an individual basis.

"We do not have liaison committees or other bodies to represent our workers. They know they are free to walk into the manager's office if they have grievances. And I can tell you, nobody has been victimised or dismissed for bringing up a complaint," says Mr H Schwab, managing director.

The company uses figures calculated by the Johannesburg Chamber of Commerce (JCC), but Mr Schwab says cleaners are paid 70c an hour — R151,66 a month.

The JCC has calculated the MLL for a family of five in Soweto at R192,73 a month.

The least-paid white — a cashier — earns R1,25 an hour.

The Sullivan Principles urge eployers to pay their workers wages and salaries "well above the appropriate local economic level."

Kentucky, an American company and signatory to the Sullivan Principles, has 6 000 stores throughout the world. In South Africa the company runs 18 stores. The balance of Kentucky stores here are run on franchise from the company.

● **What is the company doing to upgrade its black staff?**

Mr Schwab said they provided managerial and superiority training for blacks. He could however not tell us how many people went through this training last year.

The company also trains blacks as cooks. So far nine have qualified as cooks.

"You see, we only train people in our own type of work," Mr Schwab says.

They do not have a policy towards trade unions.

"I personally have nothing against trade unions," said Mr Schwab, "but there are a lot of shortcomings in them."

The company had never been approached by a trade union for recognition.

The company's facilities are integrated.

Mr Schwab remembers an incident a few years ago in a Joubert Park store when the company operated an integrated restaurant.

**POLICY**

"We received a letter from the Johannesburg Municipality restraining us from this kind of set-up. But instead of reserving seats and tables for whites, we removed them completely. Now it's a take-away operation," he said.

**POST:** Have you had any hostile reaction from your white workers to integration?

**Mr Schwab:** Our policy is that if we cannot operate a mixed business then we should have no business at all. Our white workers know this very well.

● **What contribution is the company making towards the improvement of the quality of life in the townships?**

Mr Schwab said they granted loans to their black workers to either build or improve their houses.

They had also made a donation through the American Chamber of Commerce towards a high school in Soweto.

The company runs a taxi service for its workers free of charge and this costs more than R400 a month, he said.

In February, SUNDAY POST reported on the Kentucky store in Joubert Park among other things, workers complained that:

● They were locked in the storeroom in the basement every night and the door was only reopened the following morning

● The storeroom was locked from the outside and there was no way to summon help.

● There were no toilet facilities in the storeroom and they sometimes had to use buckets (meant for scrubbing floors), to relieve themselves.

● If a fire broke out they would be trapped in the room.

● Ventilation was poor

● There was no place to wash.

Asked why they were locked into the storeroom, the workers replied: "We never really asked, but we think its because we share a common backdoor with the store. Perhaps it might be that they think we will steal the food."

**WORKERS**

The workers had also complained that they were paid 60c an hour, had an hour for lunch, but had to buy their own food.

The manager at the store then, Mr Shaun Carmody, had admitted that some of the workers were locked into the room.

"I do them a favour by letting them sleep in the store because of transport," he had said.

**POST** asked Mr Schwab about all the allegations. He said he was told that some workers were sleeping in the stores.

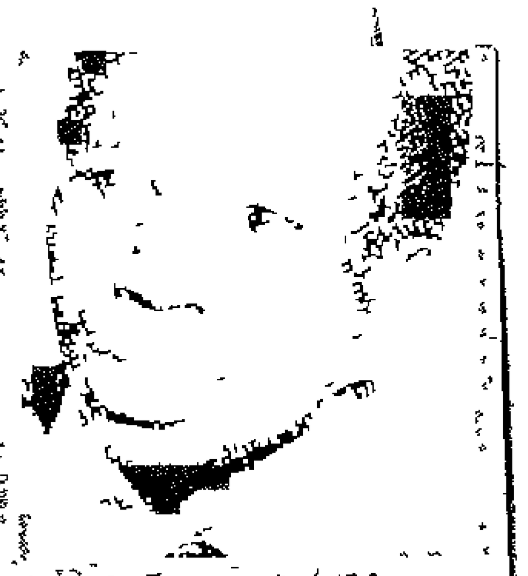
"But I don't know why they were locked in there," he said. "You see, I have just joined the company and cannot account for things that I do not know. But I can assure you that will never happen again."

Mr H Schwab, Kentucky's managing director.

THE COMPANY has occupational groupings for its workers.

The following table shows the black and white staff distribution in the company:

| | Blacks | Whites |
|---|---|---|
| Executive managers | — | 7 |
| Store managers | 10 | 20 |
| Supervisors | 1 | 4 |
| Clerks in the accounts dept | 3 | 19 |
| Cashiers | 9 | 25 |
| Cooks | 9 | figure not available |
| Kitchen assistants | 128 | — |
| Janitors | 12 | — |



Mr Abraham Masoga, personnel officer.

A cook prepares those sizzlin chickens at Kentucky.

I&J

# Sound potential

**Activities:** *Fish and food processor and distributor. Operates own trawling fleet off SA coast. Held 58% by South Atlantic.*

**Chairman:** *B E Hersov, managing director J J Williams*

**Capital structure:** *28m ordinaries of 50c 352 000 6,5% red cum prefs of R2*

**Market capitalisation:** *R28,6m*

**Financial:** *Year to June 30 1979 Borrowings long term, R3,9m Net cash R3,5m Debt equity ratio 17,6% Current ratio, 1,9 Group cash flow R10,4m Capital commitments R1,1m.*

**Share market:** *Price: 102c (1978-79 high, 125c, low, 40c, trading volume last quarter, 430 000 shares) Yields: 17,9% on earnings; 8,8% on dividend Cover 2,0 PE ratio, 5,6*

| | '76 | '77 | '78 | '79 |
|---|---|---|---|---|
| Return on cap % | 15,3 | 7,6 | 14,7 | 16,9 |
| Turnover (Rm) | 128,3 | 142,9 | 156,5 | 163,9 |
| Pre tax profit (Rm) | 7,3 | 3,3 | 7,2 | 8,8 |
| Gross margin % | 6,1 | 2,9 | 5,3 | 6,0 |
| Earnings (c) | 13,7 | 3,8 | 14,8 | 18,3 |
| Dividends (c) | 7,5 | 2,5 | 7,0 | 9,0 |
| Net asset value (c) | 149 | 150 | 152 | 162 |

**After a disastrous 1977 season** "the momentum of growth established in 1978 has been maintained," says chairman Basil Hersov. Pre-tax profit was 22% up at R8,8m (R7,2m) despite a 200% fuel price increase which impacted significantly on the trawler operations, and necessitated price increases for fish products. However, improved management and operating efficiencies, coupled with a 40% improved catch of 77 000 t (55 000 t) allowed operating margins to improve to 5,7% (5,0%) on a 4,7% turnover improvement to R164m (R157m).

Efforts are well under way to further reduce operating expenses in the fishing division, with fuel substitutes being used for the fishing fleet. Also, regulating the catch rate in the light of quotas this year will allow the group to employ its fleet more efficiently.

The 320 km fishing limit has reduced the activities of foreign fleets in SA waters, and this has contributed to "an improvement in the catch per unit of effort." The company doubled fish exports last year, but weaker export prices meant that the profit contribution from this source was only 50% higher.

Following rationalisation, the processed food division's performance "improved substantially." Better raw material procurement and more successful marketing policies, coupled with improved margins and better management were the major factors in this regard.

During the year, the company purchased those trawlers previously chartered from a subsidiary. The result was to increase the company's fixed assets without impacting on the group's financial position. The balance sheet was strengthened last year, with a reduction in long-term loans to R3 9m (R7,3m).

During the past year the share has advanced from 78c to 102c. This, coupled with an 8 8% dividend yield, led the share to outperform both the food and fishing sectors indicating a possible re-rating.

Last year's 9c dividend (7c) should be bettered this year, considering the growth trends since the second half of 1978. An 11c payout is possible putting the share on an attractive prospective 10,8% yield. All depends on fishing catches, although with good growth potential in the food processing division, volatile fishing industry movements could be offset. The share is a solid medium-term hold.

*Jonathan Bader*



DISCUSSION

The crude death rates and the standardised mortality rates for Whites, Asians and 'coloureds' and urban Africans are presented in Fig. 1. The interpretation of these figures is confounded by the differences in ...

population as a ... weight to death ... will reverse th... ranking of the ... answer. As th... and statistics' ...

Infant mortality ... is experienced ... Africans are not ... cal officers of ... their urban area ... A mean figure an... should be interp... cities from rura... areas is given b... among Xhosa-speaking Africans.[12] An increase in infant mortality was observed with decreasing urbanisation, the figure for the completely rural areas being of the same magnitude as those parts of the world devoid of medical services. Fig. 4 summarises the age specific mortality rates of



rural areas or cause of deaths' according to the Bantu Reference Bureau (Personal Communication). At least 50 000 deaths among Africans were not registered. These occur mainly in the rural areas. It is estimated that about 10% of the deaths in the main urban districts are not registered for Africans.

...llowing indices were calculated:

...ude Mortality Rates.

...andardised Mortality Rates.

... Rates. Two standard populations were used: ...loped population and Mexico 1960

Calculated mainly in five year age ...ons of the eighth revision of the ...ses (ICD).

... 1970, the last census year. ... the mortality experience of a ...ditions which would exist if a ...ated. It gives an indication ...on the expectation of life.

...edge of the base population age ...tes of this are available for ... and 'coloureds', the 1970 population ... specific survival rates from ... taking into account the actual births and deaths in the 0-4 age ... Allowance was made for migration.

...icans, a different procedure was adopted as a population figure for ...rt of the country was required. The 1970 age distribution[10] by ...rial district was used, the numbers being adjusted by the 1974 gross population estimates by economic region.[11]

SEPTEMBER 24 1979

# Hoteliers, stores oppose varkies

Argus 24/9/79

1821

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**THE hotel and bottle store industry in the Western Cape is opposed to the sale of wine in the 20-litre swart varkie, is concerned at the five-litre plastic packaging and will support those in the industry seeking to market natural wines as a product of culture and sophistication.**

The sale of cheap wine in large packages, including the 25 litre and 20 litre swart varkies, 'reduces the prestige of the product', Mr Arthur Freedberg, convener of the liquor legislation committee of the Federated Hotel Associations of South Africa said in an interview.

He supported the wholesale industry's attitude in marketing wine as a product of culture and civilised living.

Mr Freedberg said the hotel industry and the retail liquor industry, of which he was a member, had helped to change the attitude to wine in the past 15 years, so that 70 to 80 percent of retail off-consumption buyers were now women, as wine-buyers for the family.

### CHANGED HABITS

Marketed as a prestige product and 'most desirable beverages,' the sale of natural wines had increased nationally.

Sales decreased more recently in the traditional wine area of the Western Cape because of various factors, including change in drinking habits

This had resulted in the need for a new approach to wine-selling with the emphasis on its culture — not as a cheap alcoholic beverage designed to induce intoxication, as was suggested by the marketing of swartvarkies

'You cannot market wine in 20-litre and 25-litre plastic "cans" and maintain its prestige,' Mr Freedberg said.

### CONCERNED

'And we are concerned too at the 5-litre plastic containers, until we have been satisfied that both technically and aesthetically these containers are acceptable

'We will certainly co-operate to the fullest with any steps by manufacturers and marketers to present wine for what it is — a product of great tradition and culture, which adds so much to the pleasure of our daily lives and more particularly so when enhancing meals.'

Mr Freedberg added: 'The simplest of meals can be transformed into a banquet by the addition of a glass of natural wine'

# Canned food: an answer to an annoying problem

(186)
N.M
2/10/79

**VARIOUS cans of meat seem to have a different amount of meat How do I know which has the most meat?**

This is a real problem which has annoyed many people in the past simply because they haven't realised that the amount of meat depends on the product

It is the description of the product which determines exactly how much meat is in the can This amount is laid down by law and each can must conform to these regulations The product can vary from something like stewed steak which has the highest steak meat content to meat pie fillings which has only half as much

Obviously, the more items in a can, the less meat 'Stewed steak' has more meat than stewed steak and gravy , which in turn, has more than stewed steak gravy and onions or mushrooms"

That is why some cans have more meat than others they are simply different products

The canners produce different products both for your choice and also to be able to offer canned meat at different prices Obviously, the more meat in the can, the more it will cost

**CAN I change the taste of the food in the can?**

Every canner likes to take even the most favourite canned food and give it a distinctive taste

Some believe that their customers would prefer the peas to be salted others think sugar is right Some believe the fruit should be in syrup, others in water

In far more cases the difference in the recipe is less extreme and so a different selection of herbs goes into the soup or meat sauce

But this doesn't mean that the canned food you buy is exactly to your taste, and the skill in using canned food is exactly the same as using any food — it is the taste that you bring out and give to it

Naturally the canner tries to make a taste you will like but he is only supplying the raw material cooked and prepared to his recipe and is happy for you to adapt it to your palate with your seasoning and spices

**SHOULD I use a can which is mis-shapen?**

It is very rare now for cans to blow out or get distended or leak but one in a million does and if you find one on your shelves then it definitely should not be used

Blown cans are those with distended ends and these should be thrown away immediately The same is true if you are unfortunate enough to find a can which has leaked

Sometimes cans are dented during transit but providing the damage is not on the body seam or can ends and there is no leakage, the contents are edible Such cans, however should never be stored, but should be used immediately

**WORD MEANINGS**

**Conform.** To keep to the rules or general customs

**Palate:** One's sense of taste

**Distinctive.** Different from others

**Adapt** To change to make suitable for a new use or situation

**Distended** To become swollen by pressure from within

**Edible.** Fit to be eaten

**NEXT WEEK Is it true that canned foods do not have as many vitamins as fresh food?**

PU ... ATE ............

We ... equesting a new/

se

Co ... ation for our records

(1 ....................

(2 ....................

(3 ....................

Is

hether golf ball and ....................

If new machine is a replacement, pl ... Number, make and type of existing machine ....................

(186) Post 4/10/79

# Kentucky sets the record straight

LETTERS to the editor

THE purpose of this letter is to record the company's dismay at what we regard as misrepresentation and misquoted facts in the article (Job Watch in POST, September 19).

In 1975, the company was unsure which economic index to apply with regard to minimum wage levels.

We discovered that the Housing Subsistence Level (HSL) was, at that time, the most acceptable of the various indexes being applied, and certainly, we believed, the one that all American companies had decided to use. This information was obtained from the Johannesburg Chamber of Commerce

However, it appears that it was not the HSL we were dealing with, but the MLL (Minimum Living Level). We are not sure how this confusion originated, but our minimum wages at that time, were the same as those recommended by the JCC.

It was therefore in all honesty, that we informed Mr Lolwane that we followed the HSL which, we firmly believed at the time, was supported by the JCC.

After publication of your article, we contacted the JCC and were informed by them, that the MLL index was in fact R178,22, inclusive of all cash payments, including bonus.

Mr Lolwane was clearly informed in the presence of our legal adviser, that our minimum of R151,66 was EXCLUSIVE of a 10 percent bonus, that was paid at the end of each year, to ALL employees employed in kitchen and store duties, other than managers.

The only condition to this payment, was that each employee had to have a minimum of six months' service. Once this bonus is added, you will see that the amount of R166,83 reflects a difference of R11,39 and not R41,07

Your reporter was also informed that the company based its minimum rate for ALL employees up to a family of four. Employees with more dependants, were paid a higher rate. This fact was totally ignored in the report.

A paragraph draws attention to the fact that the least paid white, a cashier, earns R1,25 an hour.

This, we believe, is an attempt by yourselves to draw your readers' attention to the incorrect comparison of the wage rate paid to kitchen staff, and the rate paid to cashiers.

You have totally ignored the fact that the kitchen staff and cashier are two totally different occupational groupings which you, in any case admit, through the table printed at the foot of the article.

Mr Lolwane was told during the interview that ALL cashiers, irrespective of race, were paid a minimum of R1,25 an hour, and he was also informed that this particular occupational group was at present being restructured and that a new minimum salary is shortly to be introduced, which would pay the cashiers a minimum R300 a month.

We must therefore totally reject your attempt to give the impression that the company was deliberately paying the blacks a lower rate than whites, and we repeat that in every occupational grouping, there is one minimum rate paid to ALL staff, irrespective of race.

Our understanding of the Sullivan Principles insofar as "paying wages well above the appropriate economic level", refers to the minimum rate as laid down by the Industrial Council which at present, is 56c an hour.

This reflects that the company's minimum rate is 25 percent above this level, excluding bonus, and 37,5 percent inclusive of bonus.

During the course of the interview, we invited our Operations Manager, Mr R Grundy, to give details on what the company is doing to up-grade its black staff.

Mr Grundy very clearly stated that nine cooks had been up-graded and trained as managers, but he was unable to quote a figure for kitchen cleaners who had been trained as cooks.

This was an on-going process at store level and Mrs Lolwane was informed that the company had a black cook trainer who spent all his time in company stores, training cooks.

Your paragraph on this point, seems to have confused the issue, and if Mr Lolwane had kept his promise about allowing the company to read the draft of the article before publication, this error could also have been rectified before any damage was done.

Finally, I refer to the closing paragraph, in which the quote is completely incorrect. I deny telling Mr Lolwane (during a later telephone conversation) that the reason I could not explain why certain staff were locked inside the store, was because "I had just joined the company and cannot account for things that I do not know."

Mr Lolwane was clearly informed during the earlier interview that I had been with the company for 5½ years, but had been appointed to my present position as managing director, with effect from June 1, 1979.

What I in fact told Mr Lolwane during our telephone conversation, was that, "although I was aware that certain staff had slept in our Joubert Park store at their own request, I could not explain why it had been necessary to lock them inside the store. I further explained that this question could only be answered by my predecessor, who has since returned to the United States, and I had taken over his position only four months ago," or words to that effect.

In conclusion, may I say that it is not Kentucky Fried Chicken's intention to get involved in any debate with your newspaper. However, we believe that as the article focuses on a very sensitive situation, it is necessary that complete fairness is observed by all parties concerned.

Kentucky Fried Chicken (SA) (Pty) Ltd has, for many years, been employing an EEO policy in South Africa, and has abided by the principles laid down by the Rev Sullivan, long before these principles were in fact published.

H SCHWAB,
Managing Director.
Johannesburg.

# WE ARE NOT LAZY

SIR — I am referring to Dr Nthato Motlana's speech which was delivered at the Holy Cross Anglican Church and appeared in our POST newspaper on September 24. "It is a lie that blacks are lazy won't-works and that in the absence of their white masters, they will die of starvation."

Our ancestors were living here long before ou Jan and company arrived with hungry stomachs. Our forefathers were farmers in the true sense of the word if my history knowledge serves me well. They didn't starve. That's why I am here, alive and well.

Starvation started immediately after the Land Acts of 1913 and 1936 and 87 percent of our land was taken from our forefathers and this percentage comprises arable land and mineral sources.

The remaining 12½ percent is barren, rocky, dusty unproductive and what have you. We were left with no other alternative but to flock to the so-called white sectors. In fact it's our land, there is no doubt about that.

Blacks are not lazy, that's to say. But I don't think they can accept any job when the remuneration leaves much to be desired so that they can be known as hard-workers. Nobody is prepared to earn peanuts.

MURIMISI MAKARINGE,
Tshiawelo.

Write to the Editor at P O Box 6663, Johannesburg 2000 Nom de plumes can be used but full names and addresses should be supplied or the letter will not be published

Political comment in this issue by P Qoboza and J Latakgomo Headlines, sub-editing and posters by S Matlhaku, all of cor. Blumberg Street and Commando Road, Industria

F M. ~~19/10/79~~ ~~24~~

FRUIT CANNING 19/10/79 186

# Export headaches

**High subsidies** to fruit canners in the EEC are causing concern among local producers, and government may soon be asked to step in

Not only is there a tariff barrier of around 20% on canned fruit entering the EEC, complains canned fruit Export Board manager Noel Lawson, but European producers, including Greece and Italy, are being paid back up to 60% of the selling price of their goods as a production incentive

"As a result," says Lawson, "SA is subsidising its own competitors, and the situation is likely to worsen once Greece joins the EEC on a full-time basis"

The problem is becoming more serious as European farmers plant more fruit trees while fruit is being diverted from the fresh fruit market and into canning This, says Lawson, means that the Mediterranean countries could soon be supplying the EEC's entire demand on a totally uneconomic basis

Apart from the structural damage this would cause to the SA industry, European producers are not meeting the quality standards of SA and Australia, and the image of the product in the market is suffering

Nevertheless, SA has so far been able to maintain its market share, although demand has shrunk by almost 20% over the past four years or so, says Lawson To protect this position he adds, the Board is to approach Commerce Secretary Tjaart van der Walt in the hope that representations can be made on a government-to-government level

"Some of the EEC producers' actions must be, at least, against the spirit of GATT," claims Lawson, "and we want to clarify their intentions — whether they intend to grab 100% of the market on a subsidised basis The damage that would result in the Western Cape if this is the case would be enormous," he adds

BAKERS (186 FM 26/10/79

# Fancy performanco

**Activities** *Holding company of 10 flour milling bread, biscuit and confe tion ery-making companies. The directors hold 43% of the equity*
**Chairman** *L G Baumann*
**Capital structure** *2,8m ordinaries of R1 400 000 5,5% cum prefs of R2*
*Market capitalisation R15,3m*
**Financial** *Year to June 30 1979 Borrowings long- and medium-term, R825 000, net short-term, R2,9 Debt equity ratio 16,8% Current ratio 2,0 Net cash flow R2,9m Capital commitments R2,5m*
**Share market** *Price 540c (1978-79 high, 570c, low, 275c, trading volume last quarter, 13 000 shares) Yields 18 9% on earnings, 7 4% on dividend Cover 2,6 PE ratio 5 3*

| | '76 | 77 | '78 | 79 |
|---|---|---|---|---|
| Return on cap % | 16 0 | 14 1 | 10 9 | 18 1 |
| Turnover (Rm) | 49 0 | 57 6 | 62 9 | 72 2 |
| Gross profit (Rm) | 2 8 | 3 2 | 2 8 | 5 0 |
| Gross margin % | 5 6 | 5 6 | 4 4 | 7 0 |
| Earnings (c) | 51 0 | 54 0 | 48 5 | 102 0 |
| Dividends (c) | 19 | 21 | 23 | 40 |
| Net asset value (c) | 461 | 604 | 733 | 793 |

**After a mildly** disappointing performance in the previous year, this tightly-run company has reported excellent results And shareholders, who at the interim stage were led to expect a final dividend of 16c, received 27c to make a total of 40c (23c) The share price responded with a 54% rise on the year to reach a high of 570c outperforming the JSE Actuaries index's 15% improvement over the same period

Chairman Len Baumann reports that sales rose 14,7% but that, in fact, volumes declined Pre-tax profits were sharply higher 94% up to R4 7m which works out at a satisfactory 29 annual growth averaged over two years The overall tax rate fell to 37 8 (41 9%) due to plant investment allowances with the net result that earnings doubled to 102c

However, there are some drawbacks Profit margins on bread operations remain low the Butterworth biscuit factory continues to make losses and will need both an injection of capital and a move to a large urban area if it is to become profitable and high fuel and distribution costs have impacted adversely on cake marketing

The company remains soundly-based with a debt equity ratio of only 16 8 and a current ratio of 2,0 Cash flow was up from R1 7m to R2 9m which coupled with the low gearing will facilitate funding of planned capital expenditure of R2 5m

Baumann forecasts moderate improvements certainly in the first half of the year considering it unwise to attempt a prediction for the year But despite the problem areas in view of the record, prospects for the food industry, sound management and net worth (793c) the share remains a secure investment

*... Counihan*

TABLE II

| | WHITE | | ASIAN | | COLOURED | | BLACK | |
|---|---|---|---|---|---|---|---|---|
| | | | | Female | Male | Female | Male | Female |
| Rheumatic Heart Diseases (390-398) | | | | 15<br>1.9% | 120<br>3.9% | 139<br>4.4% | 49<br>2.1% | 56<br>2.9% |
| Hypertensive Diseases (400-404) | | | | 127<br>15.8% | 190<br>6.1% | 276<br>8.8% | 273<br>11.4% | 212<br>11.0% |
| Ischaemic Heart Diseases (410-414) | 5737<br>58.8% | 3118<br>39.3% | 537<br>47.3% | 246<br>30.6% | 845<br>27.1% | 566<br>18.0% | 148<br>6.2% | 66<br>3.4% |
| | | | | | | | | 749<br>9.0% |
| | | | | | | | | 921<br>100% |
| Motor Vehicle Accidents (E810-E819) | 750<br>38.0% | 287<br>42.4% | 122<br>36.6% | 28<br>26.9% | 572<br>26.3% | 161<br>24.7% | 282<br>15.1% | 59<br>18.2% |
| Suicide (E950-E959, E979) * | 485<br>24.6% | 104<br>15.4% | 42<br>12.6% | 13<br>12.5% | 84<br>3.9% | 18<br>2.8% | 76<br>4.1% | 11<br>3.4% |
| Homicide (E960-E969) | 59<br>3.0% | 41<br>6.1% | 41<br>12.3% | 2<br>1.9% | 680<br>31.3% | 167<br>25.6% | 806<br>43.1% | 89<br>27.5% |
| Total Accidents, Poisoning and Violence (E800-E999) | 1973<br>100% | 677<br>100% | 333<br>100% | 104<br>100% | 2175<br>100% | 652<br>100% | 1868<br>100% | 324<br>100% |

* E979 "Suicide and self inflicted poisoning by motor vehicle exhaust gas" is a code used in South Africa which does not appear in I.C.D. (8th revision). See Ref. 13.

# Warning on SA sugar industry

Political Correspondent

DURBAN — South Africa's multi-million rands sugar industry could be placed in jeopardy if the Government went ahead with further homeland consolidation

With background fears of the loss of thousands of jobs and substantial export earnings the warning is made in a report drawn up by the South African Sugar Association which was handed to the Government last week

In the report the association, which represents the entire industry based mainly in Natal, states bluntly that it is opposed to further consolidation and that the Government must find other solutions

**ADVISE**

The association maintains that the results of further consolidation will be as disastrous for white south Africa as it will be for the black homelands, particularly KwaZulu

It advises the Government rather to spend money earmarked for consolidation on the development of the existing homeland areas

The industry, including the farms and milling section, represents a capital investment of R1 049m and employs more than 110 000 people with a yearly wage bill of about R107m

**"SEVERE BLOW"**

But the report states the effects of damaging the industry would reach even further A "severe blow" could be dealt to whole communities, it says

In one brief paragraph the association summarises the situation, saying, In the current uncertain economic and political climate we find it difficult to think of anything that could have a more disruptive impact on all concerned than further consolidation of black states in various sugar-producing areas

(?) In reasing Benefits

Sundgren (*24) pointed out that the benefits of medical treatment are exceedingly hard to estimate. However, [illegible] compliance was an obvious area for improvement. He noted in this context that doctor patient communication is often inhibited by the 'clinical ethos' which medical students acquire early in their training. This promotes a detached scientific approach more suited to the laboratory, than to human interaction. He therefore recommended a course on dealing with patients early in the medical curriculum

Patients should be better informed of the purpose and requirements of their prescribed treatment. Doctors, nurses and the media should all take part in public education, which was said to be particularly important for patients from rural under-developed backgrounds.

He recommended, further, that itinerant district nurses should make home [illegible] treatment was being adhered to. He [illegible] for maternity patients).

(ii) Doctors' remuneration

The group which discussed these papers thought it would be unwise, in view of the likely increase in emigration, to attempt to suppress the [illegible]



(i.i) Drugs

Folb (Vol.2) shows that medicines and pharmaceuticals account for 7-10% of the Cape Provincial Hospital Services annual vote and a substantially larger proportion of private expenditure on health. He also notes in South Africa, as in other countries, tendencies for medicines to be wastefully and inappropriately used.

Polypharmacy is rife. Hedden and Corbett (*75) note that 25-30% of hospitalised patients suffer complications as a result of adverse drug interactions. They find that the number of adverse interactions was contained at a reasonably low level for prescriptions of 2-5 drugs but rose dramatically thereafter, particularly for more serious interactions. It was recommended that:

(a) doctors should be better informed about the hazards and wastefulness of drug interaction;

(b) a feedback system could be introduced whereby pharmacists check prescriptions of more than 5 drugs and report back to doctors concerned the incidence and types of interactions expected; [illegible] number of drugs per prescription be established. [illegible]ding five drugs would have to be vetted by a [illegible] or pharmacologist. This was thought to be less [illegible] and that [illegible] arch should be carried out.

[illegible] medicines with equivalent pharmacological action [illegible] uth African market and in the coding lists of [illegible] s duplication is wasteful, especially since price [illegible] able.

Folb also argued that often patients are given drugs who do not need them at all. Among his recommendations were:

1. Improvement in the quality of promotional activities of the pharmaceutical industry [illegible] by the Medicines [illegible] rch.

# Sugar industry soured by Govt plans

31/8/79

DURBAN. — South Africa's multimillion rand sugar industry could be placed in jeopardy if the Government went ahead with further homeland consolidation.

With background fears of the loss of thousands of jobs and substantial export earnings, the warning is made in a report handed to the Government last week by the South African Sugar Association.

In the report, the association, which represents the entire industry based mainly in Natal, states bluntly that it is opposed to further consolidation and that the Government must find other solutions.

The association maintains that the results of further consolidation will be as disastrous for white South Africa as it will be for the black homelands, particularly KwaZulu.

It advises the Government rather to spend money earmarked for consolidation on the development of the existing homeland areas.

The industry, including the farms and milling section, represents a capital investment of R1 049-million and employs more than 110 000 people with a yearly wage bill of about R107-million.

But, the report states, the effects of damaging the industry would reach even further — a "severe blow" could be dealt to whole communities.

In one brief paragraph the association summarises the situation.

"In the current uncertain economic and political climate we find it difficult to think of anything that could have a more disruptive impact on all concerned than further consolidation of black states involving sugar-producing areas."

The association says the industry is very delicately balanced and consolidation will have two main effects.

Firstly, productive land would become unproductive, as shown by land that was affected by the 1975 consolidation.

This in turn would result in the closure of some of the existing 17 remaining mills because of the reduced supply of cane.

"The industry has high fixed costs and a drop in throughput (of cane), in any mills will destroy their economic viability

"The industry has high fixed costs and a drop in throughput (of cane) in any mills will destroy their economic viability

The remaining productive farms would then be faced with the high cost of transporting cane to another mill.

The industry itself was already one of the most competitive and efficient in the world and "this competitive position is already being placed in jeopardy by the rapid increases in fuel prices".

The report says production levels in KwaZulu are about half those in white areas for several reasons. Those reasons include:

- The tribal land tenure system, which made it impossible to concentrate land in efficient hands.
- Small land allotments made it impossible for the Zulu farmer to justify the purchase of tractors and equipment.
- None of the farms already taken over as a result of past consolidation was running at a profit.

The report also said there was a limited amount of caneland available and expropriation would lead to competition for remaining farms, which in turn would lead to inflation in cane farm prices and disruption of the spread of the high fixed costs

The loss of a job in the industry, whether farm or mill, normally involved not only loss of remuneration but also feeding, housing, medical attention and in some cases education for dependants.

The successful development of cane areas in homelands, particularly KwaZulu, depended on a healthy, adjacent industry.

Were the existing industry destroyed in any area, it would not only jeopardise existing developments "but remove the springboard from which to develop all the land of high potential already in KwaZulu". — Sapa

(Report by B Cameron 85 Field Street, Durban) the cost of raising the necessary funds has to be taken into account. The funds themselves are already justified by comparison with the alternative methods of provision, but there are additional costs involved in raising them: interest on loans, or administrative and incentive costs of raising taxation. These are normally insignificant for any given project, but may affect the overall amounts available for the health budget.

Where the methods of providing a given service use the same kinds of resources in different proportions, the decision-making can be simplified by means of Linear Programming, though health service choices cannot usually be presented in the simplified way required by this method.

## 2. CHOICE OF PROGRAMMES

So far, we have discussed methods of choosing means to obtain a given objective. But what tools are available to aid the choice of objectives themselves? Can anything be said on the question of the priority to be given to particular diseases or age groups, whether to allocate more to child welfare clinics or care of the aged?

Overall criteria are needed, and they have to be expressed in such a way that they can guide these detailed questions. Essentially, the problem is not only to relate resources used to objectives achieved, but to relate the various objectives to each other.

There are various means of doing this; but all of them require that expenditure be accounted for by the ends it is expected to achieve.

### 2.1 Programme Budgeting

Programme budgeting, also known as budgeting by objectives, involves the presentation of expenditure data according to the objectives to which it is directed. Thus, projects to combat TB would be grouped together, geriatric problems, sanitation programmes, etc.

This is necessary:

(a) to know the cost of pursuing each objective;

(b) to group together activities with the same objectives which can be compared by cost-effectiveness analysis;

(c) to know the eff
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day care centre

Financial statistics are
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tion, e.g. between expen
cannot be made.

The grouping of expendit
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# Fattis row settled

By RIAAN DE VILLIERS
Labour Correspondent

THE seven-month-old labour dispute between Fattis and Monis and the Food and Canning Workers' Union — which has led to a widespread boycott of the company's food products — was settled yesterday

According to a joint statement issued last night, the 56 workers involved in the dispute will be re-employed by the company at its factory in Bellville South, Cape, next week

The latest round of talks — which were broken off at the weekend but have now ended in a settlement — were initiated by the South African Council of Churches following a decision to attempt to reconcile the two parties before supporting the boycott

Other organisations supporting the boycott could not be reached for comment last night

> "Programme structure should, in my view, be mainly determined by the decisions to the taking of which one wishes it to contribute... One might suggest that where decisions are primarily a matter of political or moral judgement - of determining basic priorities - one would want the activities to be compared to reside in different programmes - the mentally handicapped against the alcoholics; but where it is a more technical question of how particular objectives can best be achieved - drug therapy against behavioural therapy - one would want the activities to be compared to be within a particular programme. This distinction ties up with an economic jargon of slightly older vintage - that of cost-benefit and cost-effectiveness; and through that to the main stream of neoclassical welfare economics, which attempts to make a distinction between the choice of the composition of the basket of outputs and the choice of the set of resources from which each output is to be produced. The former is, in a broad sense, a question of tastes, values, or utilities; the latter is a question of techniques".

He adds:

> "In practice, it is not an easy matter to make a hard and fast distinction between technical matters and matters of values or utilities in the health services. From one point of view, the question whether to treat schizophrenics in hospital or in the community is a technical one. Which is the cheaper way to fulfil whatever are the society's requirements for the treatment of this group? But community care originally became fashionable as a good thing in itself. The practitioners are very apt to muddle the medical and economic arguments when it suits them, and the politicians and administrators equally so when it suits them, but the economist's concern is to keep them separate". [9]

Programme budgeting, then, entails the attempt at this separation, sorting out from the multiplicity of decisions those which can be made on the basis of administrative or economic, together with medical-technical criteria, and those in which the role of the public through political

ASOKOR/KAROO (186)

# Lean margins

Fin 9/11/79

**Activities:** *Meat processor and distributor with newly acquired interest in motor retailing through the 100%-owned Grosvenor Motors. Ultimate holding company is Pubel with 62%. Asokor owns 78,5% of Karoo.*

645

**Chairman** *J P du Toit, managing director J J Lategan*

**Capital structure** *5,8m ordinaries of 50c 13 985 5% prefs of R2 Market capitalisation R10,4m*

**Financial** *Year to June 30 1979 Borrowings long- and medium term, R4,5m, net short term, R13,7m. Debt equity ratio 134,5%. Current ratio 0,97. Net cash flow R2,2m. Capital commitments R3,3m*

**Share market** *Price 180c (1978-79 high 180c low 64c trading volume last quarter 113 899 shares). Yields on earnings 8,9 on dividend 10 [illegible] ratio 3,[illegible]*

| ASOKOR | 76 | 77 | 78 | 79 |
|---|---|---|---|---|
| Return on cap % | 25 2 | 26 8 | 25 5 | 24 8 |
| Turnover (Rm) | 200 | 218 | 239 | 275 |
| Pre-tax prof (Rm) | 3 6 | 3 9 | 4 5 | 6 0 |
| Gross margin % | 2 5 | 2 7 | 3 1 | 3 1 |
| Earnings (c) | 27 8 | 25 7 | 34 9 | 48 1 |
| Dividends (c) | 15 | 9 5 | 11 0 | 16 0 |
| Net asset value (c) | 111 | 123 | 143 | 167 |

The Asokor group, SA's second largest meat producer and distributor, did well to ride out severe cost pressures last year and end up with an unchanged gross margin and moderately better net margin.

On a 19,5% turnover increase to R275m, pre-tax profit rose 33,3% to R6m. This is because gross margin was maintained while net margin rose from 1,9% to 2,2%. Chairman J P du Toit compares the margin with the 1,6% obtained five years ago. The 1979 results, he says, were brought about by larger volumes handled, reduction of wholesale distribution units on the Rand from four to one and rationalisation of delivery routes.

Du Toit says that the company continued to "consolidate its position in the meat trade and is planning significant expansion of abattoir capacity. During the year a wholesale, deboning and export complex at Mobeni, Durban, was opened. This the company anticipates, will benefit substantially from the newly opened Cato Ridge public abattoir as "it would be more profitable for the retail trade to make their purchases closer to their place of business than to transport their requirements individually from Cato Ridge.

In addition the group has been given permission to build a 600-pig-a-day abattoir and has been granted a 400-a day cattle slaughter quota. This, says Du Toit, could be placed with existing abattoirs or an abattoir would be built depending on current negotiations with Germiston City for the purchase of land adjoining existing abattoirs. To double capacity at the group's Okahandja export abattoir, Asokor has obtained an ENDC long-term loan. The building programme should take two years but higher throughput is likely from March.

All this activity directed towards abattoir expansion and construction will increase the group's livestock commission revenue, optimise yields on meat cuts with the extra deboning facilities and save on delivery costs. But whether the benefits will be short- or long-term is not clear as the meat industry is "in a crisis", says Du Toit, and margins are already finely shaved. The high gearing means extra borrowings will depress net margins even further. Much of the current gearing is the result of bridging finance to suppliers and loans to some subsidiaries for building. But working capital, down by R2,8m in 1979, will have to be closely watched over the next two years.

Jan Pickard ... no beef about meat

| KAROO | '76 | 77 | '78 | '79 |
|---|---|---|---|---|
| Return on cap % | 28 6 | 34 4 | 25 5 | 24 5 |
| Turnover (Rm) | 200 | 218 | 215 | 257 |
| Pre tax profit (Rm) | 2 7 | 3 2 | 3 7 | 5 0 |
| Gross margin % | 2 3 | 2 5 | 3 4 | 3 3 |
| Earnings (c) | 9 5 | 10 6 | 13 8 | 20 8 |
| Dividends (c) | 5 0 | 6 0 | 7 0 | 11 0 |
| Net asset value (c) | 33 | 32 | 36 6 | 38 |

Taken in conjunction with Du Toit's pessimistic projections for SA's meat industry — "a liquidation process is already taking place ... our beef producers are living on their capital ... increased beef prices are a must for SA to ensure adequate supplies in the future" — the chances of squeezed margins over the next few years are likely to encourage widening of the historical three times dividend cover.

In volume terms, particularly for exports, the future looks good for Jan Pickard's meat group. As the company closes the gap between itself and market leader ICS, so will it reap the benefits of lower unit costs and higher marginal profits.

Management has proven itself capable in the trading aspect — and that is casting some investment doubt at present is the squeeze exerted by borrowings on cash flow. Although essentially the same animal, the market has given different ratings to Asokor and Karoo. At this week's 110c, Karoo is rated on a 5,3 PE and a 10% yield. This compares with Asokor's 3,7 PE and 8,9% yield. The reason is probably the more immediate effect cost pressures have on trader Asokor. But both are good buys at current yields.



life) mean that more informat... analysis than is revealed. ... benefit analysis on the groun... explicit about the money valu... implicitly (e.g. in the decis... given safety precautions), on... will inevitably be lost are n... which would be required to sa... of this nature. Constructi... movement of labour, dam buil... boards, all affect the amount... impact on health is seldom t... link with health is unknown,... terms and thus cannot be inc... able to translate health int... programmes, because its very... much weight is to be placed... ment projects anyway?

Westcott lists some indicat... regional allocation of healt... services to the most needy...

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achieving the same objective - can be useful even if they, too, merely provide a framework for the organisation of incomplete data. Linear programming may be used where production processes can be more readily defined.

King ( *43 ) takes another approach to the choice of technique in the health services. He discusses a 'microplan', a system of simple, low-cost techniques for the provision of primary child care. In this way, a group of techniques is made available to countries which do not have the resources in skilled manpower to develop them entirely for themselves.

In the choice of alternatives to be considered, Westcott sees a need for '...broad spectrum conditioners', such as


Piccan's profits . . . still in a jam

PICARDI CANNERS

# No dividend sauce

**Activities** *Fruit and vegetable canner with some retail activities a mill a garage and a small farming operation Ultimate holding company is Picardi Beleggings*
**Chairman** *J A J Pickard managing director S J Burger*
**Capital structure** *9,4m ordinaries of 50c 40 000 5,5% permanent cum prefs of R2, 820 000 5,5% red cum prefs Market capitalisation R4,8m*
**Financial** *Year to June 30 1979 Borrowings long- and medium-term R406 000 net short-term R2,5m Debt equity ratio 30,5% Current ratio 0,93 Net cash outflow R162 000 Capital commitments R49 000*
**Share market** *Price 51c (1978-79 high 65c low 30c trading volume last quarter 8 000 shares*

| | 76 | 77 | '78 | '79 |
|---|---|---|---|---|
| Return on cap % | 1 6 | 5 5 | 10 4 | 5 6 |
| Turnover (Rm) | 33 6 | 34 8 | 41 3 | 41 0 |
| Pre tax profit (loss) (Rm) | (1 9) | (0 1) | 0 2 | (0 65) |
| Gross margin % | | - | 0 5 | — |
| Earnings (c) | | - | - | - |
| Dividends (c) | | | | - |
| Net asset value (c) | 86 5 | 76 2 | 76 7 | 69 7 |

**Piccan's profit recovery** in 1978 was, unfortunately an aberration and the dividend drought continues After a R216 000 pre-tax profit in 1978 when chairman Jan Pickard warned of a build-up of cost pressures the company has slid back into loss and the accumulated loss now stands at R7 4m — nearly double Piccan's market capitalisation

Pickard explains the sharp drop into the red as being the result of

- Reduced production volumes and a shortage of export product for the first six months,
- Price increases which reduced margins, and
- Increased domestic competition reduced margins even further.

Pickard says the company will fight a price war vigorously "to protect our established brand names and maintain our share of the market." There are no reserves in the company to fall back on in such a price war, so Pickard presumably bases his optimism on an "independent firm of accountants' " findings that Piccan's return on capital is better than the industry average

Although hampered by an excessive interest burden — gross profit falls short of covering interest and leasing charges — Pickard's strategy is to increase fruit intake and thus production volume "with a subsequent reduction in unit costs " To do this, the company will be relying on the fortunes of fruit crops. Pickard says the deciduous crop is expected to be good but that the peach and Royal apricot crops are below normal

Pickard is hopeful that cheaper credit and consumer stimulation, via the loan levy repayment, will boost the canning industry's sales He also includes in his chairman's statement a novel remedy for problems in the canning industry "Where a company experiences a loss in promoting exports, the benefits should be in the form of a cash payout instead of a tax rebate," he suggests.

Whether or not Piccan manages to sell more All Gold tomato sauce and strawberry jam this year, the financial picture of the company is unhappy Debt, especially short-term, is dangerously high and the company is illiquid to the extent that every extra year's trading merely whittles away working capital — down R1,5m this year Even without the burden of interest charges, return on capital has averaged 6% over the past four years. So the company's assets are not generating a satisfactory return and Pickard has sold some assets, such as the Wellington tomato canning factory, to keep working capital at an operating level

Piccan is currently over-reliant on bank overdrafts Under these circumstances, the company carries a large accounts receivable book at R6,8m. From the investor's point of view, the overhang of accrued pref dividends is not a critical problem as the R50 000 owed is a relatively small amount Nonetheless, it does highlight the likelihood of a long wait before the ords are serviced Fortunately, there are not too many shareholders With Picbel holding over 80%, and getting much of its rewards through financing, there are not many shares on offer At this week's 51c, it would be unwise to try and join that small band of luckless minorities

*Ian Muil*


Financial Mail November 9 1979

# Eat at smelly corner!

## What else can you do in the black streets?

**THERE are a number of shops that are a typical short of black market right in the centre of the glittering golden city — Johannesburg.**

By SINNAH KUNENE

These are situated in the "blacker" areas of town, where thousands of blacks have no alternative but to buy and have lunch there.

**POST Woman** visited some of these restaurants and butcheries and found some shocking conditions.

The Faraday Inn Restaurant and Butchery, opposite a black-only station is among the nearest convenient shops for a housewife who is in a hurry to go home with a meat parcel from town. It is also a restaurant for hundreds of workers in motortown and elsewhere.

It cost **POST Woman** reporters only 30c for an insight of what happens there.

We stood at the counter and ordered a 30c piece of meat from a shop assistant who had just come in from the street. Behind him, there were various types of meat with prices displayed at the window.

He gave us a queer look while with his unwashed hands he picked a piece of meat and some fat, put it in a plate, and handed it to us.

Apart from the unpleasant smell from the displayed meat, there was also an odour of "Bantu beer" as liquor cartons littered almost every table.

Next to the tables stood two rubbish bins swarming with flies.

We followed other customers to the braai corner, next to the toilets, and despite the mouth-watering smell from the hotplates, one had to hold your nose because of an unpleasant smell from the toilets.

The smelly air blew through an open window facing the hot plates. One toilet was blocked, and accordnig to an assistant there, it was last flushed two weeks ago.

When questioned later about the unsatisfactory conditions at the shop, a spokesman (who refused to give his name) could not understand why he had to be questioned and dropped the phone.

Further down the street at corner Smal and Grahamstown, stands Hoy and Sons Non-European Restaurant. Conditions are also as bad although there is no self-service.

Across the street, another butchery restaurant for blacks makes one think twice before one can buy.

It has no name outside, nor does it show any sign that it is a butchery or a beerhall. The walls are dull and dirty, least to mention the floors and the shop assistants themselves.

We bought a 20c piece of meat and without being asked, were charged another 10c for porridge.

We were given a token to get a plate and porridge at the kitchen, and in the meantime, had to carry the unwrapped piece of meat to the braai hotplates.

We forced our way to the packed kitchen where some customers' meat just disappeared from the hotplates.

Pushing and at the same time fixing eyes on his

The Native Restaurant was, however, an exception. Although pieces of meat were hanging and booze sold in the shop, the surroundings were satisfactory.

The floors were scrubbed and the shop assistants neatly dressed.

At Lionel's Wholesale Meat and Chicken, a spokesman (who refused to give his name) said they did not keep meat more than three days. He said 80 percent of their customers were blacks because they traded in the black area in town.

Asked if their low prices had any effect on the quality of their meat, he said: "We cut the price because of competition."

He referred **POST Woman** to another official when asked about the conditions at the shop.

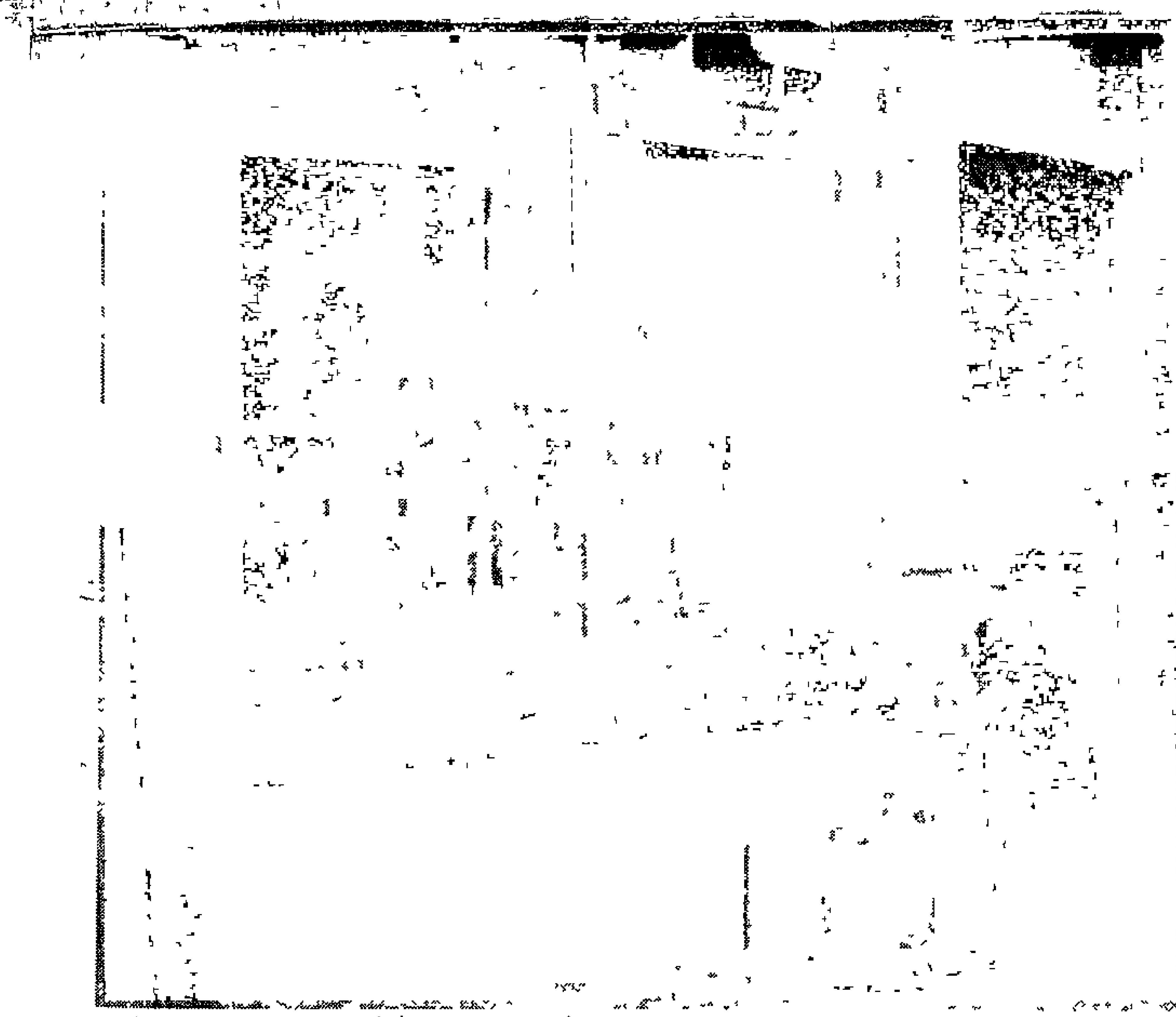
The second spokesman said they tidied the shop three to four times a day.

She added that the meat at the windows has been displayed to attract the customers, "so that they can pick what they want".

A spokesman for the Health department believed to be a senior health inspector, said he would take the matter up with his colleagues.

Meat hangs at the window while customers drink their "cartons".

Having a braai at the smelly corner of the Faraday Inn Restaurant and Butchery.



Priced meat, with no weight reflected, hang in the windows of the "black market" eateries.

meat, one customer complained to a shop assistant about the conditions there.

Some were wondering "why such decent blacks should buy and eat in a place like this" (referring to us). Even the shopkeepers kept their eyes on us.

However, we asked for a takeaway and to our shock, the food was wrapped in a newspaper, and one could see mielie meal on the porridge.

We visited several shops including Diagonal Meat Supply, Lionel's Wholesale Meat and Chicken to the Public and the Native Restaurant. We found that:

- Pieces of priced meat were hanging in the windows.
- Walls were dirty and some spilled with blood and waste from "tripe".
- Men behind the counter wore dirty clothes.
- The floors were also dirty and an unpleasant smell prevailed in the shops.

# Walkout storemen's jobs filled

Sow 23/11/79

186

By DIAGO SEGOLA

ELEVEN storemen who walked out of their jobs at Beacon Sweets and Chocolates, in Heriotdale, Johannesburg, this week over a pay dispute will not be reinstated — the vacancies have been filled

A director of the company, Mr G Lampert, said yesterday that the company had tried to persuade the men to return to work, but they had not

"We said it straight away that they would be taken back if they returned to work, but they refused They left of their own accord," he said

He said those who wanted to return to work would have to re-apply and their cases would be treated like "normal" applications

The men refused to work on Wednesday till money they said had been deducted from their pay over the past two weeks was refunded

They alleged that the company had deducted R1 from their pay two weeks ago and R5,75 last Friday for sweets said to have been eaten by workers

They said a company official, Mr Norman Romian, told them the deductions were for stock losses and damages

The men, all from Soweto, are Mr Lawrence Mncela, Mr Elias Mohohlo, Mr Jackson Radebe, Mr Johannes Mogorosi, Mr Edward Mngqibisa, Mr Johannes Mkhwanazi, Mr Samuel Khanye, Mr Michael Mdakane, Mr David Phalane, Mr Jacob Letlopo and Mr Robert Kabi.

# No breaks or overtime, so 11 resign

Staff Reporter

ELEVEN nightshift workers at a Johannesburg bakery resigned from their jobs yesterday because they claim they were not paid for working overtime

The employees of Fanny Farmers Bakery and Confectioners at Lorentzville, refused to work on Tuesday night

But a company spokesman, who refused to give his name, said yesterday that there were no problems as far as management was concerned.

A spokesman for the workers, Mr Wilson Dlamini, said they refused to go on duty on Tuesday night because they were not paid overtime

They started work at 8pm and were supposed to knock off at 4am. But they were made to work until 6am without overtime pay

Mr Dlamini said they were not given tea or lunch breaks and they received low pay.

He said they told management they were resigning and would look for other jobs

Mr Dlamini said he earned R17 a week and had worked at the bakery for nine months He came from Newcastle in Natal and lived with relatives in Soweto.

Mr Jetro Gumede said he had worked for the firm for 17 months and was paid R19 a week

Mr Aaron Sithole, who also resigned, said he had worked for two years and was paid R10 a week

space-time box by ignoring several of
examples of such forcing occurred, so
ots were loosened and expanded to contain
facts. Survival of the revised framework
the boundaries between the large, block-
blurred. Also, quantitative analysis
gical procedures (Mason 1957) and the
undistorted samples, complete artifact
ttention to provenience (Inskeep 1961).
re, industry, variant, stage, period, and
rculation in the literature. The framework
again.
posium in 1965 recommended that the Three
d by Industries which would eliminate
lots (Kleindienst 1967; Clark et al 1966).
ries were proposed for Rhodesia (Cooke,
r South Africa (Sampson 1972), these
e ignored. Instead, severalactive researchers
n the Burg-Wartenstein recommendations
uld continue in use as "informal"
be discarded. Thus it has come about
are now in use to describe available
um.
een caused by the discovery that
termediate repeatedly yield radiocarbon
ating methodology. If, as Beaumont et al
"stage" is greater than 70,000 B.P.
s between Middle and Later Stone Ages
self. Preliminary attempts to push
ing of the LSA do not look promising
rt of the gap do not fit the original
s now documented by excavations at
sies River Mouth (Singer and Wymer in
gingneskraal and Border Cave (Beaumont
Makwe (Phillipson 1976). Other fragments
to available slots — now appear to
y period. These include parts of



Wonderwerk, Rose Cottage, and several other miscellaneous assemblages including the long-ignored "coarse Stillbay" reported from between the Second Intermediate and LSA in the pioneer excavations at Peer's Cave (Keith 1931). Although a few categories have been tentatively isolated, such as the Robberg Industry (Deacon 1977), an increasing number of assemblages remain vaguely labelled (eg. "Early LSA") and floating uncertainl within the gross subdivisions of the Middle and Later Stone Ages.

To avoid the ambiguities inherent in even these large categories, an increasing number of authors have recently turned to terms such as Holocene and Upper Pleistocene to define broad units. Thus a third sytem is being introduced into the literature. The time-axis of the framework is clearly in the throes of its fourth major crisis.

Development of the space-axis

It is hardly surprising that the space-axis of the framework has undergone similar episodes of strain during the course of its development, but the causes were not always the same as those outlined above. W.D. Gooch (1881) was the first to recognize the need for subdivisions in South Africa, although the classifiers of his times in Europe appear to have avoided this approach. By subdividing his field observations into five geographical regions, Gooch anticipated that we should not expect the Stone Age continuum to advance in an orderly progression of contemporary phases throughout the subcontinent. However, the later accumulation of field results showed that his regional/landscape slots did not covary with "culture-areas" represented by mapped distributions of similar-looking stone artifacts. Although Goodwin (1946b) was attracted to regional subdivision, he seems to have realized this and the units known as Cultures and/or Industries became the common approach to both spatial and chronological subdivision of the three Stone Age blocks.

Inevitably, new Cultures tended to spring up wherever a pioneer archaeologist happened to be located — either because of his place of employment or because of his personal field interests. The first ones to appear in the literature tended to cluster around Cape Town, Grahamstown, the Kalkfontein dam on the Riet River, the diamond-diggings on the Vaal, and so on. By the time of the 1929 meetings of the British Association, vast uncharted regions still existed between these oases of research.

nately high returns on assets

The 1978 dividend was made up of a 15c interim, a 25c final and a 4c special dividend to cover the 14 month accounting period Thus on an annualised basis this year's 40c total represents a 6% improvement on the 1978 annualised 37,7c And it of course means a further reduction of the US parent's SA exposure

On announcement of the results, the share shed 5c to 285c where it yields an historic 14%, which is way above the 8,3% industrial market average Medium-term investors are best advised to await the annual report in which future plans should be defined, although on short-term income considerations share remains attractive

*Des Kilalea*

**FEDFOOD** 18 FM 30/11/79

## Recovering fast

**Fedfood's interim** results reflect the benefits of the previous two years' acquisitions, which "largely terminated at the closing of the previous financial period on March 31 1979," and which pulled the group away from reliance on the unstable fishing industry Results were better than the board had anticipated, with pre-tax profit 96% ahead of that of the six months to June 1978, at R8,9m (R4,5m) However, marginally lower operating margins meant that the group did not benefit fully from the 112% turnover hike to R155,2m (R73,2m)

Although the year-end change to March 31 means results are not strictly comparable, it is clear that management is successfully turning around previously ailing investments and has improved operating ratios. For example, Ruto, which was not included in the results to end-June 1978, is now paying dividends, as is now wholly-owned Simba

General manager Francois Rossouw attributes the 0,6% operating margin decline to 6,9% to the higher contribution to group profits from milling operations, which do not give the margin benefits of the group's fishing interests Fishing contributed 36% of last year's income, and with indications that fishing profits have now stabilised, overall this higher margin contributor will play a lesser part in earnings this year

Although milling remains highly competitive, Rossouw feels the industry is returning to sanity An improvement was seen toward the end of the period due to generally higher margins in the industry, while the group should benefit during this period from the local introduction of a new, high protein maize meal Improved results were reported by the edible oils and sorghum malts operations, and the 90%-owned Nola plant made a good profit If stable selling prices can be maintained this half, this division should continue its strong run

Despite the smaller likely contribution group profits from fishing this year, the lustry's profitability slide has been arsted, while international recognition of VA's 200-mile fishing limit should reduce al fishers' operating risks

All other divisions have performed well date, although minor problems still ist in the wholesaling arm Rossouw timates that Fedfood will continue to nsolidate its operating platform as well improve profitability So second-half sults should show a further advance

From first-half earnings of 30,6c (17,2c) 13c (8c) interim has been declared A ial of 15c is well within reach, putting e share at 355c on a reasonably attracve 7,9% prospective yield basis

*Jonathan Bader*

POST, Friday, November 30, 1979

# [illegible] to lose their jobs

By JOE THLOLOE

TWO hundred and ninety-nine workers — about half of them black — will be losing their jobs as a result of the South African Breweries' recent take-over of Intercontinental Breweries.

They will, however, get at least five months' pay.

This was announced by the general manager of the beer division of the SAB, Mr Laurie van der Walt, at a Press conference yesterday.

The announcement ends a period of uncertainty for the former I B workers, during which the unregistered Food Beverages and Allied Workers Union threatened legal action because "the retrenchments [illegible] constitute an unfair labour practice."

Mr van der Walt announced that [illegible] 800 I B [illegible] employed [illegible] Just over 300 [illegible] are black. Another [illegible] be offered positions in the Rembrandt group.

He said 299 will be redundant. These are mainly in the marketing, distribution, administration and financial departments.

The retrenched workers will be given two months' notice and one month's salary for every year's service to a minimum of three month's pay, a refund of leave credits and pension contributions, Christmas bonus, and further payment based on age and service.

Mr van der Walt said the SAB will establish teams at each major centre to assist staff to find alternative employment.

He said: "It is inevitable that in any acquisition, redundancies will take place. This is particularly so where there are two businesses with duplicated activities, and where rationalisation can be undertaken to reduce cost and thereby minimise consumer prices."

On Wednesday the company had talks with the workers, with the trade union attending as an interested party.

Earlier in the day, the union had demanded a postponement of the retrenchments until:

- Proper communication is established with the workforce.
- Procedure for retrenchment, if retrenchment is necessary, is set out.
- Terms of [illegible] between the company and the union are agreed upon.

Mr van der Walt yesterday said the union and the workers were notified with the arrangements for retrenchment. Officials of the union were not available for comment last night.

Most of the workers will stop working on December 1, but some will be asked to stay on for a month or two before they terminate their services.

Between yesterday and Friday staff are being advised individually whether SAB can fit them positions or not.

Arrest

DEVELOPMENT RESEARCH UNIT

RESEARCH DIVISION,
SCHOOL OF ECONOMICS,
ROBERT LESLIE BUILDING,
UNIVERSITY OF CAPE TOWN,
RONDEBOSCH
7700

29th November 1979

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r Saldru will be celebrating
rty in our new offices on the
e Social Sciences Building.

senting our second report and
ur new publication 'Economics

join us at 6.30 p.m. on that

ill be able to attend to
ents.

SUGAR OUTLOOK F.M. 7/12/79

## Price pick-up

(186)

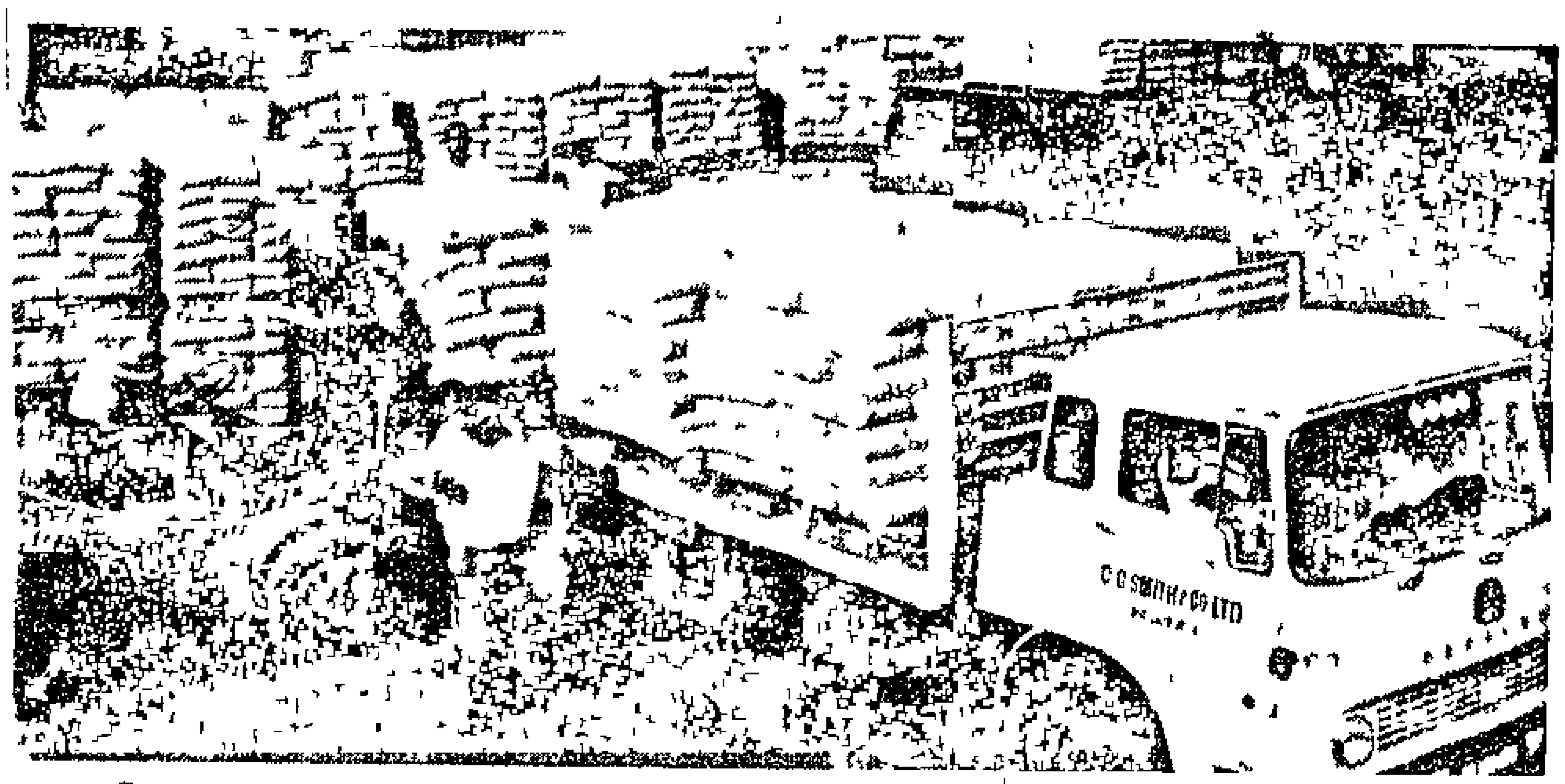
**Although London** white and raw sugar prices have jumped by 70% in the past five months, experts are looking for a further rise in 1980, with a number of bullish factors supporting the market

The local milling season, says SA Sugar Association GM Peter Sale, should close before December 31 with a record 2,1 Mt being processed Local demand has been satisfactory, says Sale, and SA has also been fortunate in being able to export up to 250 000 t in excess of its International Sugar Agreement quotas

Much of the non-quota sugar has gone to Germany for non-human consumption, while SA has also been granted an extra 9 000 t for export by the ISA due to shortfalls in crops from other countries.

New quotas will only be set sometime in 1980, although a lower limit of 85% of ISA quotas will be instituted from January, giving SA an export target of 710 000 t

The price of raw sugar is currently £175/t, having risen from around £100/t at the beginning of August — a level which had been held for almost two years Experts forecast a further steady rise for the rest of the year, thanks largely to rumours of poor Cuban and Russian crops European forecaster Licht also expects a shortfall of around 3 Mt in world production in the year ending next August.



**Sugar exports . . they should bring in even more money next year**

In Durban, C G Smith Sugar this week announced plans to expand production facilities at its Noordsberg and Illovo plants, and chairman Frank Jones forecasts the sugar price at "well over £200/t" next year "There is a combination of speculator and dealer buying in the market at the moment," he says, "but the EEC seems to be behaving responsibly, and the ISA is obviously starting to have the desired effect, so the developing orderly market will almost certainly lead to higher prices "

He points out that the SA sugar industry is still controlled by government and, even if the sugar price continues to rise, any income above a certain level, whether from stocks already held, or from production in the coming season, will merely find

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fears that the "national interest" will be determined by the views of public officials He claims, however, that "academics are best placed to determine and identify areas of concern. Buereaucratic control of research," he adds, "need not be more efficient, and is certainly not associated with the academic freedom necessary for lively and growing research "

Professor Laurie Schlemmer, Director of the Centre for Applied Social Sciences, on the other hand, is not "really disturbed " He sees no indication that the plan will be used as a tool by policymakers to control research

Schlemmer argues that a need exists for a national plan to ensure that "state money is spent intelligently "

Pretoria University has not circulated the document to academics and has limited the distribution to administrative staff and deans of faculties Professor Adriaan Pelser, Vice-Rector of Pretoria, says the university has alrady commented to the president of the HSRC

Dr Johan Garbers, newly appointed president of the HSRC is surprised by the

CG SMITH SUGAR F.M 7/12/79

# New fields

(186)

**Recognising that** the London Daily Sugar Price is likely to maintain its advance this year, CG Sugar has estimated a 10,7% pre-tax profit increase over last year This is the improvement shown at the half-way mark As usual, the results are shown as half the expected year's outcome Last year's comparative interim figures are half of the year's results

At the attributable level, profit is expected to be R7,7m (R7,0m) This is equivalent to a 10,6% increase in earnings to 52,0c (47,0c) from which a 22c (20c) dividend has been declared

A temporary windfall will also boost group profit this year Due to drought conditions on the North Coast, other sugar producers such as Huletts have experienced production shortfalls Consequently, CG Sugar, which has a better spread of cane lands, has had its share of SA's sugar production raised from 35,5% to 39,6%

In July, chairman Frank Jones forecast an increase in CG Sugar's market share to 38,6% The group had carried over a large stock of cane from the previous year, and was projecting a production figure of 809 000t With the industry's production likely to be of the order of 2,1 Mt this year, CG Sugar has since increased its production projection by a further 21 000 kg

The higher world sugar price should enable the SA industry substantially to increase its total proceeds Jones correctly forecast that the sugar price would exceed the minimum level of US11c/lb before April next year. Already the price has risen to US13c/lb and he believes further increases are in store

Profit should also gain a boost from better results posted by CG Smith and Crookes Brothers In the first six months, unlisted CG Smith paid two interim dividends, one of 500c (500c) and another of 600c (500c), which, together with Crookes 33,3% higher 10c interim, increased CG Sugar's dividend income to R1,5m (R1,1m) Further improvements from CG Smith can be expected as Romatex continues to raise its contribution Higher profits can also be expected from Cane By-Products

CG Sugar intends further expanding its production facilities Besides the existing R6,4m capital commitments, the group has announced plans to expand Illovo and Noodsberg sugar mills to increase production to 200t/hour and 285t/hour respectively at a cost of R12,7m This is a heavy capex bill for an industry which is supposedly trying to bring its production down in line with limited demand through production quotas However, Jones tells the *FM* that his company has made a thorough survey of the areas and found that expanded cane capacity warrants the expansion Cane growers have been given four years to open up new areas for cane and are chopping out wattle to make space

As far as the world situation is concerned, Jones is confident that the restrictive conditions will change in time

With a further second-half profit improvement possible, year-end earnings of 105c could be achieved and a 80c total dividend paid This puts the share, at 980c, on an 8,2% prospective yield, which fully allows for short-term sugar price uncertainties

CG Smith Investments (Smiths) normally shows a higher profit in the second half First-half earnings increased 5c to 24c from which a 10c (6c) dividend was declared

With Romatex and Cane By-Products likely to increase their contributions further in the second period, earnings will probably be around 30c (27c) So, a dividend of 41c is possible, putting the share, at 520c, on a 7,9% prospective yield

*Peter Pittendrigh*

Frank Jones . . . taking a positive price view orance of being one

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PETER MONI

## After the boycott

It's been a long year for 30-year-old Peter Moni Since March he's been at the centre of one of the longest and most politically-fraught labour disputes in SA's history

The dispute was sparked when Fatti's & Moni's dismissed five workers at its Bellville South factory over the recognition of the Food and Canning Workers' Union Negotiation attempts failed and 88 workers left the factory floor That was only the beginning

A national boycott of all Fatti's and Moni's products was organised and gained the support of training colleges, universities, the National Council of Sport and numerous trade unions, both registered and unregistered

Director Moni is still trying to grasp the full implications of the past seven months The dispute and its labour ramifications still need to be recognised by management and despite the settlement, Moni isn't relaxing — yet. "It's a relief that we found an agreement but it's just the beginning — there's still so much to be done

"The dispute taught me a lot But there's still so much SA management has to learn and so much unions have to learn."

He readily admits his company was unprepared and "dealt with some problems incorrectly. The board of directors assumed that migrant workers, 95% of its black work force, would be shipped back to the homelands Employers have always found it easy to call in the bully boys We had to change our approach, attitudes and organisation "

Moni is quick to grasp the positive effects of the dispute — "Thank heavens it happened now and not in the 80s The company was totally unprepared We had to call in outside help " He says facing worker representatives across a conference table "isn't easy There are enormous barriers to cross but it's not impossible to overcome them "

A plan of action based on recommendations from workers and management is being implemented Moni says the task of "re-educating management and restructuring the company from grass roots is paying off " He can now act on labour issues without calling a board meeting first In-house training programmes and improved working conditions have been introduced "to straighten the whole thing out "

Despite his optimism, Moni is still bitter about the treatment meted out to him by the unions and boycotters

"We were the guinea pigs for SA labour relations The aspirations of black workers were being tested and there was nothing we could do to transcend the political issues "

Part of Moni's bitterness stems from his training in the business After matric he went "straight on to the factory floor I was the proverbial tea boy This experience gave me an understanding of the business as well as an ability to identify with staff problems " He does admit however, that the dispute taught him to look for and recognise issues he wasn't aware of previously

He says he sometimes "deeply regrets missing out on a university career I've found that practical experience isn't all I try and catch up on reading but the academic training would have been helpful "

His biggest lesson has been the importance of "communication It's essential that management is in touch with its workers It's important to develop a framework for negotiation so that problems can be thrashed out quickly " Certainly, the dispute brought this home to him

He feels that sectors will have to get together and "organise a contingency plan We'll have to give one another support and advice otherwise we all crumble " He adds "The attitude of rival firms that it was in their interests to see us in trouble was suicidal This will have to change "

Moni is convinced that the problem has been changed into a challenge "Since the workers returned we've had to concentrate on reaccommodating and rehabilitating them " He says the status quo is once more intact but "I hope we'll be better prepared next time "

Moni . we were guinea pigs for SA labour relations

| | W M | W F | A M | A F | C M | C F | B M | B F |
|---|---|---|---|---|---|---|---|---|
| 0–1 | 0,85 | 0,69 | 0,70 | 0,31 | 1,18 | 1,24 | 0,32 | 0,19 |
| 1–4 | 0,49 | 0,21 | 0,31 | 0,27 | 0,63 | 0,61 | 0,21 | 0,20 |
| 5–24 | 0,71 | 0,22 | 0,68 | 0,20 | 1,40 | 0,38 | 0,68 | 0,12 |
| 25–44 | 1,18 | 0,30 | 1,43 | 0,37 | 3,32 | 0,70 | 1,22 | 0,26 |
| 45–64 | 1,25 | 0,42 | 1,55 | 0,40 | 2,89 | 0,76 | 1,10 | 0,31 |
| 65+ | 1,26 | 0,71 | 1,34 | 0,91 | 2,19 | 0,90 | 1,02 | 0,53 |
| ALL | 0,95 | 0,33 | 0,95 | 0,29 | 1,91 | 0,56 | 0,89 | 0,20 |
| NO. | 1973 | 677 | 333 | 104 | 2175 | 652 | 1868 | 324 |

(E)

| | W M | W F | A M | A F | C M | C F | B M | B F |
|---|---|---|---|---|---|---|---|---|
| 0–1 | 0,51 | 0,54 | 2,10 | 1,24 | 7,00 | 6,86 | 19,69 | 19,83 |
| 1–4 | 0,04 | 0,04 | 0,21 | 0,35 | 0,75 | 0,77 | 2,58 | 2,48 |
| 5–24 | 0,01 | 0,01 | 0,09 | 0,06 | 0,08 | 0,03 | 0,21 | 0,23 |
| 25–44 | 0,05 | 0,05 | 0,28 | 0,17 | 0,42 | 0,31 | 0,72 | 0,78 |
| | | | | | | | 3,80 | 3,64 |
| | | | | | | | 14,69 | 14,84 |
| | | | | | | | 1,80 | 1,96 |
| | | | | | | | 3765 | 3145 |

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# C. G. SMITH SUGAR LTD.

**DIRECTORS** F R Jones (Chairman), R A Norton (Managing Director), L G Abrahamse, W A M Clewlow, D V Crookes, T C B Crookes, J T Dunlop, J J Kitshoff, B C McCarthy, J C McGough, I C R Mackenzie, G A Macmillan, M de W Marsh, W T Passmore, G Taylor, A van Hengel (Neth)

## INTERIM STATEMENT AND DIVIDEND DECLARATION

**FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 1979**

**PROFIT STATEMENT**

The estimated results of the group for the six months ended 30th September 1979 with the comparative figures for the previous year are

| | April/Sept 1979 | April/Sept 1978 | Year Ended 31/3/79 |
|---|---|---|---|
| | R000's | R000 s | R000 s |
| Operating profit | 13 151 | 11 878 | 2 375 6 |
| Dividend Income | 1 460 | 1 081 | 2 162 |
| | 14 611 | 12 959 | 25 918 |
| Taxation | 6 477 | 5 458 | 10 915 |
| After tax profit | 8 134 | 7 501 | 15 003 |
| Minority interests | 86 | 99 | 199 |
| | 8 048 | 7 402 | 14 804 |
| Preference share dividend | 302 | 359 | 718 |
| After tax profit attributable to ordinary shareholders | 7 746 | 7 043 | 14 086 |
| Earnings per share | 52 cents | 47 cents | 95 cents |
| Number of shares in issue | 14 852 723 | 14 852 723 | 14 852 723 |
| Dividend | 22 cents | 20 cents | 70 cents |

**COMMENT**

Owing to the seasonal nature of the group's business, profit figures for a six month period would be misleading The interim figures shown above are therefore, half the estimated profit of the current financial year and the comparative figures are half the actual profit for the year ended 31st March 1979

As a result of drought conditions which prevailed in certain areas on the Natal North Coast this season the mills in those regions experienced shortfalls in production Our group because of its particular geographic spread has benefited from the re allocation of these shortfalls thus increasing its share of the South African Sugar production from 35 5% last year to 39,6% This, together with a recovering world sugar price has resulted in the improved profit expectations when compared with those forecast at the Annual General Meeting

The interim dividend payable in respect of the current year, is 22 cents per share The final will depend upon the actual profits earned as well as the outlook for the 1980/81 season

**CAPITAL COMMITMENTS**

Capital commitments as at 30th September 1979 totalled R6 425 000 which will be financed from the group s own resources

Since 30th September 1979 the Board has decided to expand the Illovo and Noodsberg sugar mills at a cost of R12,7 million These expansions will also be funded internally

**DIVIDEND DECLARATION**

An interim dividend of 22 cents per share will be paid on Tuesday, 15th January 1980 to shareholders registered in the books of the company at the close of business on Friday 14th December 1979

The transfer books and register of members will be closed from 15th December, 1979 to 2nd January 1980 both dates inclusive

In terms of the Income Tax Act of 1962, as amended non resident shareholders tax of 15% will be deducted from dividends payable to shareholders whose addresses are outside the Republic of South Africa

12th Floor,
Eagle Building
359 West Street,
DURBAN, 4001

For and on behalf of the Board
F R JONES Chairman
R A NORTON Managing Director

1st December, 1979

## DEPARTMENT OF HEALTH

No. R. 2795 14 December 1979

I, Lourens Albertus Petrus Anderson Munnik, Minister of Health, hereby make the following regulations in terms of sections 35 and 40 of the Health Act, 1977 (Act 63 of 1977), concerning the—

STANDARDS TO WHICH AND REQUIREMENTS WITH WHICH PREMISES, BUILDINGS, PRIVATE DWELLINGS, APPARATUS AND EQUIPMENT WHERE FOOD IS HANDLED, OR PROCESSED IN ANY OTHER WAY, FOR THE PURPOSES OF SALE TO THE PUBLIC, SHALL CONFORM

### DEFINITION

1. (1) In these regulations unless the context otherwise clearly indicates—

"approved" means as approved by the local authority concerned,

"container" means any bottle, tin, flask, paper, carton, substance or thing in which a foodstuff is or has been packed and with which the foodstuff is in direct contact;

"disposal system" means an approved system which is used or intended to be used for or in connection with the disposal of any waste water, and "public disposal system" means such system belonging to a local authority;

"drinkable water" means clean and clear water which contains no *E coli* organisms in 100 mℓ, and which is free from any substance in concentrations harmful to human health;

"overalls" means protective overalls of washable material which cover the body at least from the neck to the elbows and knees,

"registration certificate" means a certificate issued by a local authority in respect of any registration in terms of these regulations,

"sell" and "foodstuffs" have the meaning assigned thereto in the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972), and "food" has a meaning similar to "foodstuff"

(2) Any other word or expression used in these regulations has the meaning assigned thereto in the Health Act, 1977 (Act 63 of 1977), unless the context clearly indicates that some other meaning is intended.

### REQUIREMENTS WITH WHICH PREMISES SHALL CONFORM

2. Premises where foodstuffs are handled, processed, produced, manufactured, packed, stored, prepared, displayed, sold or served shall comply with the following requirements

(1) The sewerage and drainage systems of such premises shall be connected to a disposal system.

(2) Only drinkable water may be used on such premises.

(3) For the use of employees, the following ablution and sanitary facilities shall be provided on such premises and shall be properly maintained so as to be in good working condition at all times

(a) Separate for each sex, one flush lavatory connected to a disposal system for every 15 persons or part of such number living or working on the premises

## DEPARTEMENT VAN GESONDHEID

No R. 2795 14 Desember 1979

Ek, Lourens Albertus Petrus Anderson Munnik, Minister van Gesondheid, vaardig hierby die volgende regulasies uit kragtens artikels 35 en 40 van die Wet op Gesondheid, 1977 (Wet 63 van 1977), betreffende die—

STANDAARDE EN VEREISTES WAARAAN PERSELE, GEBOUE, PRIVAATWONINGS, APPARAAT EN TOERUSTING WAAR VOEDSEL OP ENIGE WYSE GEHANTEER OF BEREI WORD VIR VERKOOP AAN DIE PUBLIEK MOET VOLDOEN

### WOORDOMSKRYWING

1. (1) In hierdie regulasies, tensy uit die samehang duidelik anders blyk, beteken—

"beskikkingstelsel" 'n goedgekeurde stelsel wat gebruik word of bedoel is om gebruik te word vir of in verband met die beskikking oor enige afvalwater en beteken "openbare beskikkingstelsel" sodanige stelsel wat aan 'n plaaslike bestuur behoort;

"drinkbare water" skoon en helder water wat geen *E coli*-organismes per 100 mℓ bevat nie en vry is van enige stof in konsentrasies wat nadelig is vir die menslike gesondheid,

"goedgekeur" soos deur die toepaslike plaaslike bestuur goedgekeur,

"houer" enige bottel, blik, fles, papier, karton, stof of ding waarin of waarmee 'n voedingsmiddel verpak is of word en waarmee die voedingsmiddel in regstreekse aanraking is,

"oorklere" beskermende oorklere van wasbare materiaal wat die liggaam ten minste van die nek tot by die elmboe en knieë bedek;

"registrasiesertifikaat" 'n sertifikaat uitgereik deur 'n plaaslike bestuur ten opsigte van enige registrasie ingevolge hierdie regulasies,

"verkoop" en "voedingsmiddel", dieselfde as in die Wet op Voedingsmiddels, Skoonheidsmiddels en Ontsmettingsmiddels, 1972 (Wet 54 van 1972), en beteken "voedsel" dieselfde as "voedingsmiddel".

(2) Enige ander woord of uitdrukking wat in hierdie regulasies gebruik word, het dieselfde betekenis as dié wat daaraan geheg word in die Wet op Gesondheid, 1977 (Wet 63 van 1977), tensy dit uit die sinsverband duidelik blyk dat 'n ander betekenis bedoel word.

### VEREISTES WAARAAN 'N PERSEEL MOET VOLDOEN

2 'n Perseel waar voedingsmiddels gehanteer, verwerk, geproduseer, vervaardig, verpak, opgeberg, voorberei, uitgestal, verkoop of bedien word, moet aan die volgende vereistes voldoen

(1) Die riool- en dreineringstelsel van sodanige perseel moet gekoppel wees aan 'n beskikkingstelsel.

(2) Slegs drinkbare water mag op sodanige perseel gebruik word

(3) Op sodanige perseel moet die volgende was- en sanitêre geriewe vir gebruik deur werkers opgerig en behoorlik onderhou word sodat dit te alle tye in goeie werkende toestand verkeer

(a) Een spoellatrine, wat aan 'n beskikkingstelsel gekoppel is, vir elke 15 persone of gedeelte van dié getal wat op die perseel woon of werk, en wel afsonderlik vir elke geslag

F.M. 14/12/77

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SUGAR

# Constructive threat?

The SA Sugar Association issued a most astonishing threat last week that if Canada persisted in its intention to abolish preference on SA sugar it would think twice "when evaluating the disposal priorities for its exports to the world market."

Chairman Ian Smeaton tells the *FM* it was intended as a "warning shot" before this week's meeting of the Canadian cabinet to ratify termination of the Ottawa agreement under which SA enjoys a preference of about $22 Canadian per ton.

"With preference it's one of our best paying markets, but without, it's way down the list," says Smeaton. "In the past we've had requests from other countries for sugar which we have been unable to meet because of our commitments to existing customers, but if the position alters we shall have to reconsider."

Last season Canada was SA's second largest export customer after Japan and took 251 218 t. "Their refineries," says Smeaton, "were built up on the basis of quality sugar and their only other possible supplier of the quality required would be Australia which is subject to quotas like all exporters." To that extent the sugar association's threat was designed to help Canadian importers bring pressure on the Canadian Government to change its mind.

A possible complication of SA withdrawal is that sugar is supplied under contracts. One expires next year and another at the end of 1981. Smeaton believes a change of circumstances of the kind now contemplated would absolve SA from its contractual obligations, but adds: "We shall see it through this year and talk to the refiners about what happens next."

The Canadian cabinet was due to consider the matter on Tuesday this week.



| | W M | W F | A M | A F | C M | C F | B M | B F |
|---|---|---|---|---|---|---|---|---|
| 0-1 | 0,51 | 0,54 | 2,10 | 1,24 | 7,00 | 6,86 | 19,69 | 19,83 |
| 1-4 | 0,04 | 0,04 | 0,21 | 0,35 | 0,75 | 0,77 | 2,58 | 2,48 |
| 5-24 | 0,01 | 0,01 | 0,09 | 0,06 | 0,08 | 0,03 | 0,21 | 0,23 |
| [illegible] | [illegible] | 0,05 | 0,28 | 0,17 | 0,42 | 0,31 | 0,72 | 0,78 |
| [illegible] | | | | | | | | 3,64 |

| | M | F | M | F | M | F | M | F |
|---|---|---|---|---|---|---|---|---|
| 0-1 | 0,85 | 0,69 | 0,70 | 0,31 | 1,18 | 1,24 | 0,32 | 0,19 |
| 1-4 | 0,49 | 0,21 | 0,31 | 0,27 | 0,63 | 0,61 | 0,21 | 0,20 |
| 5-24 | 0,71 | 0,22 | 0,68 | 0,20 | 1,40 | 0,38 | 0,68 | 0,12 |
| 25-44 | 1,18 | 0,30 | 1,43 | 0,37 | 3,32 | 0,70 | 1,22 | 0,26 |
| 45-64 | 1,25 | 0,42 | 1,55 | 0,40 | 2,89 | 0,76 | 1,10 | 0,31 |
| 65+ | 1,26 | 0,71 | 1,34 | 0,91 | 2,19 | 0,90 | 1,02 | 0,53 |
| ALL | 0,95 | 0,33 | 0,95 | 0,29 | 1,91 | 0,56 | 0,89 | 0,20 |
| NO. | 1973 | 677 | 333 | 104 | 2175 | 652 | 1868 | 324 |



ALL CAUSES

| | W M | W F | A M | A F | C M | C F | B M |
|---|---|---|---|---|---|---|---|
| 0-1 | 21,76 | 16,18 | 40,44 | 27,11 | 133,70 | 119,02 | 91,30 |
| 1-4 | 1,17 | 0,94 | 2,42 | 2,39 | 17,22 | 16,21 | 10,23 |
| 5-24 | 1,05 | 0,46 | 1,31 | 0,74 | 2,26 | 1,25 | 1.6 |
| 25-44 | 3,02 | 1,47 | 4,33 | 2,48 | 8,80 | 4,96 | 4,7 |
| 45-64 | 17,46 | 9,49 | 26,27 | 18,72 | 24,27 | 17,87 | 18,( |
| 65+ | 73,62 | 54,55 | 92,20 | 82,93 | 96,90 | 71,79 | 53, |
| ALL | 9,44 | 7,40 | 8,03 | 5,51 | 14,62 | 11,00 | 8 |
| NO. | 19600 | 15374 | 2828 | 1967 | 16632 | 12847 | 18 |

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# Co-op sets sales record at R101,5-m

**LANGEBERG Co-operative (KOO), the country's biggest fruit and vegetable canner, increased its sales by R17,5-million to a record R101,5-million in the year ended October, it reports.**

More than half its sales were in the export market, the company's provisional and unaudited statement shows.

The record sales resulted in a trade surplus of R3,2-million against R750 000 last year. Of this year's surplus R1-million will be transferred to reserves.

Dr J A Mouton, general manager, said the greatly increased surplus had been achieved though about R1-million had been paid out in the course of the year, mainly in price adjustments to producers and interest on the levy fund.

**AGGRESSIVE**

He ascribed the improvement to members' good harvests and higher production volumes, a more aggressive marketing policy at home and abroad and a sharp rise in productivity at processing plants.

'Three years ago we launched an intensive selection and training programme for staff.

'Its effects, which included an increase of up to 30 percent in the productivity of some of our factories, have this year for the first time been fully reflected in our business results,' he said.

transact ecure the tax benefit,
pure eco e clouded by accounting
pressure

2.3.4 <u>Balance</u>

Hendriks e of the principle object-
ions to ntories are consistently
being un fter the application of
LIFO for inventory valuation,
assuming g prices, tends to become
meaningl misstates the current
inventor

The appa FO on working capital
reveals ture whereas in real terms
there is gthening of the working
capital

<u>Example 6</u>

LIFO is applied for uring the current year
and the LIFO adjust fference between the
FIFO valuation and end of year inventory)
is R10. The tax rate is 40%. Assume a bank balance of
R20 and that tax is paid therefrom.

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# Women workers stay away in protest

**MORE than 700 women, the bulk of the workforce at the Sea Harvest Fish factory at Saldanha Bay, stayed away from work yesterday for the second successive day in protest against "exploitation wages".**

On Monday the women began the stayaway after management refused to agree to their pay claim of R30 a week Only about 50 women clocked in for the night shift that ended at 7 am yesterday

The women, who offload, sort, cut, fry and pack the fish, claim that many of them take home as little as R9 a week

They say that most of them earn R20,17 a week which, after deductions, gives them a take-home pay packet of R17

They say that many of them have been working for the Sea Harvest Corporation (Pty) Limited, the only white fish processing factory on the West Coast, since it began operating 14 years ago

This is the third stayaway over wages at the factory since September 4.

The women claim they have been locked in a wages battle for the past four months. All the women spoken to said they would not return to work, even at the risk of being fired, unless their demands were met

"These are exploitation wages. How can you expect anybody to live on R17 a week?" one said

"It is hard work How can they pay us 45 cents an hour? We want straight wages of R30 a week, plus overtime pay, irrespective of experience," another woman said

It is reported that women who did work on Monday were offered R1,50 an hour plus a R5 bonus and a fish each to offload one of the company trawlers

They off-loaded one trawler but then refused to help with a second one They claim a superintendent swore at them and told them to go Many women left immediately

The company on Monday distributed pamphlets at Saldanha, Vredenburg and Hopefield urging the women to return to work

The pamphlets said the company had heard workers were being intimidated to stay away and promised protection for those who decided to work

The company's managing director, Mr H E Kramer, said the company was "obviously concerned" about the situation.

"So far, we have kept our heads above water, but in the long run our operations are going to be hampered"

He refused to discuss wages in detail and was prepared to say only that they ranged from 45 cents an hour to an "unlimited maximum" — Sapa

f LIFO on working capital structure whereas in real terms there is actually a strengthening of the working capital position.

Example 6

LIFO is applied for the first time during the current year and the LIFO adjustment (being the difference between the FIFO valuation and LIFO valuation of end of year inventory) is R10. The tax rate is 40%. Assume a bank balance of R20 and that tax is paid therefrom.

# Deadlock in strike over slave wages

**THE DEADLOCK over slave-wages being paid to women employed at the Sea Harvest fish factory at Saldanha Bay entered its third day yesterday with an estimated 700 away from work.**

The stayaway follows a mass meeting held at Hopefield on Tuesday night at which the women unanimously decided not to return to work until their demands for minimum weekly wage of R30, plus overtime pay, are met

The meeting was attended by hundreds of women who came in buses from Saldanha Bay and Vredenburg. One main speaker was Mr Oscar Mpetha, national organiser of the Food and Canning Workers Union.

He said yesterday he reported on the union's meeting with the management of the Sea Harvest Corporation (Pty) Ltd on Saturday.

"The women were adamant — they will not go back until their minimum demand is met," he said.

The union was to ask for a meeting with executives of the factory to discuss the deadlock.

This is the third stayaway from the factory since September. Women claim some of them earn as little as R9 a week and say the average take-home pay is in the region of R17 a week.

Meanwhile the bulk of the catches being made by the company's trawlers are being used in the manufacture of fishmeal. It is understood that the average daily catch is in the region of 100 tonne. The factory has cooling facilities for 65 tonne.

The company is said to be concentrating its small labour force on the handling of smaller fish.

Officials of the company were yesterday not available for comment.

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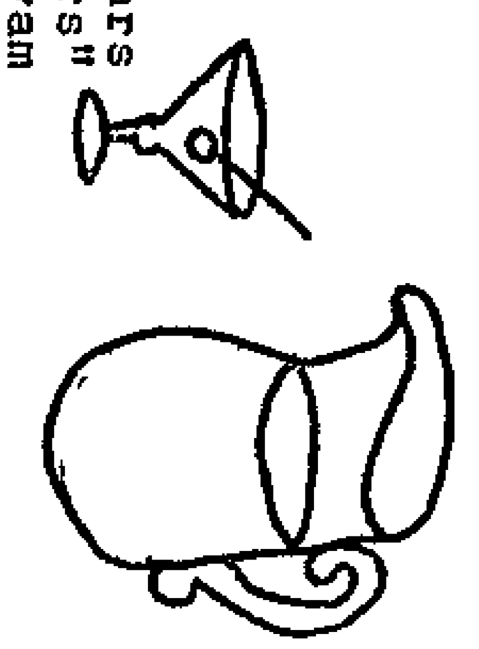
## B E V E R A G E S



"Ah my Beloved, fill the cup that clears
Today of Past Regrets and Future Fears"
Omar Khayyam

### GINGER BEER

Judy Morris, Port Elizabeth

10 bottles (750 ml) water
4 cups sugar
1 1/4 (20 ml) bottles Jamaica Ginger
1 t cream of tartar
1 1/2 heaped t dry yeast

Mix all together and leave for 6 hours. Then bottle in screw top bottles. Leave for a couple of days to mature. Keep it in fridge when mature.

---oOo---

### MOM'S GINGER BEER

Sharon Young, Rondebosch

16 bottles water
3 1/2 lbs sugar
2 lemons
2 pkts cream of tartar
2 oz braised ginger
2 cakes years/2 pkts dried yeast

Mix yeast with 1 cup lukewarm water. Mix all the ingredients (except the yeast) together in a large saucepan and boil. Cool and add the yeast. Leave overnight, strain, bottle - tie the corks down. Leave for a week before drinking.

---oOo---

### IRISH COFFEE

May Bennett, Ridgeworth

Heat Irish Coffee Glasses, or goblets. Put 3/4 tot Whiskey in goblets and 2 t brown sugar. Pour hot percolated Mocca Java (or Maccono instant) coffee to about 3/4 of the glass. Top up with whipped fresh cream, poured slowly over the back of a silver teaspoon.

---oOo---

### TIA MARIA

Jane Rullock, Durbanville

2 cups dark brown sugar
7 t Nescafé
1 cup sugar
1 pt cold water
1 t vanilla essence
2 t cocoa
1/2 t rum essence
1 bottle Mainstay

Bring white and brown sugar and water to the boil, and simmer for 1/2 hour stirring frequently. Add Nescafé and cocoa which has been mixed with a little water. Boil up again. Remove from stove and add rum and vanilla essence. Leave to cool and then add Mainstay. Bottle (preferably strained through a muslin cloth).

---oOo---

RDM 22/12/79

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# Huletts gets all Hypack

By ELIZABETH ROUSE

HULETTS Corporation has announced an R11-million internal deal whereby Hypack Pro[illegible] will become a wholly owned subsidiary of Huletts Investments.

Huletts Investments, which holds 49% of Hypack, will acquire the rest of the share capital from S & T Investments (Pty), the holding company of Huletts.

The acquisition will be satisfied by the issue to S & T of 2 3[illegible] 000 Huletts shares Based on Huletts market price of 480c on December 7, the date on which the proposal was submitted to S & T, the price put on the deal is R11 0[illegible]0 000.

If the proposal is approved, Huletts will enjoy the benefit of the profits of Hypack from April 1, 1979, except for the interim dividend of R276 000 for the year to March 1980, which will be paid by Hypack to S & T

Hypack's taxed profit for the year to March 1980 is estimated at R2 625 000.

The Huletts ordinary shares to be issued to S & T will not rank for the Huletts interim dividend of 12c to be paid in February 1980, but they will participate in the final dividend.

Hypack makes paper sacks, balers and bags for use in the sugar industry and for industry in general at Rossburgh, Durban The constitution of Hypack as a wholly owned subsidiary of Huletts will expand the group's interests in the packaging field and facilitate development of this division

Consolidation of Hypack in Huletts results for the current year will have an insignificant effect on earnings calculated on the historic cost basis but will increase marginally earnings calculated on the replacement value basis

Huletts net asset value of 315c a share, determined on historic cost, will be reduced by about 5,2c and its net asset value of 658c on a replacement value basis, by about 42,6c a share.

Huletts shares rose by 50c to 550c yesterday.

# Black power is Labour threat

26/12/79

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**Resistance to labour reform is opening the door to political activism, says Mr Arthur Grobbelaar in an interview with labour reporter SIEGFRIED HANNIG.**

Black power — consumer power and political power — is asserting itself on the labour scene, says Mr Arthur Grobbelaar, general secretary of the Trade Union Council of South Africa

"And, increasingly, financial support for strikers is being mobilised from sources outside the workplace and outside South Africa," he said

"This threatens labour relations as the sole preserve of employers and trade unions

"If employers want to conduct labour relations in the conventional manner, they must counter outside intervention with a full commitment to sound industrial relations.

"The power of trade unionism must be given full rein if political activists are to be kept out of labour affairs

"And racial discrimination must be removed from the workplace together with all the other malpractices which trouble relations between workers and employers "

Mr Grobbelaar used two recent labour disputes to make his point

The Fattis and Monis strike, he said, manifested black consumer power by means of a boycott which forced the employer to come to terms with a trade union

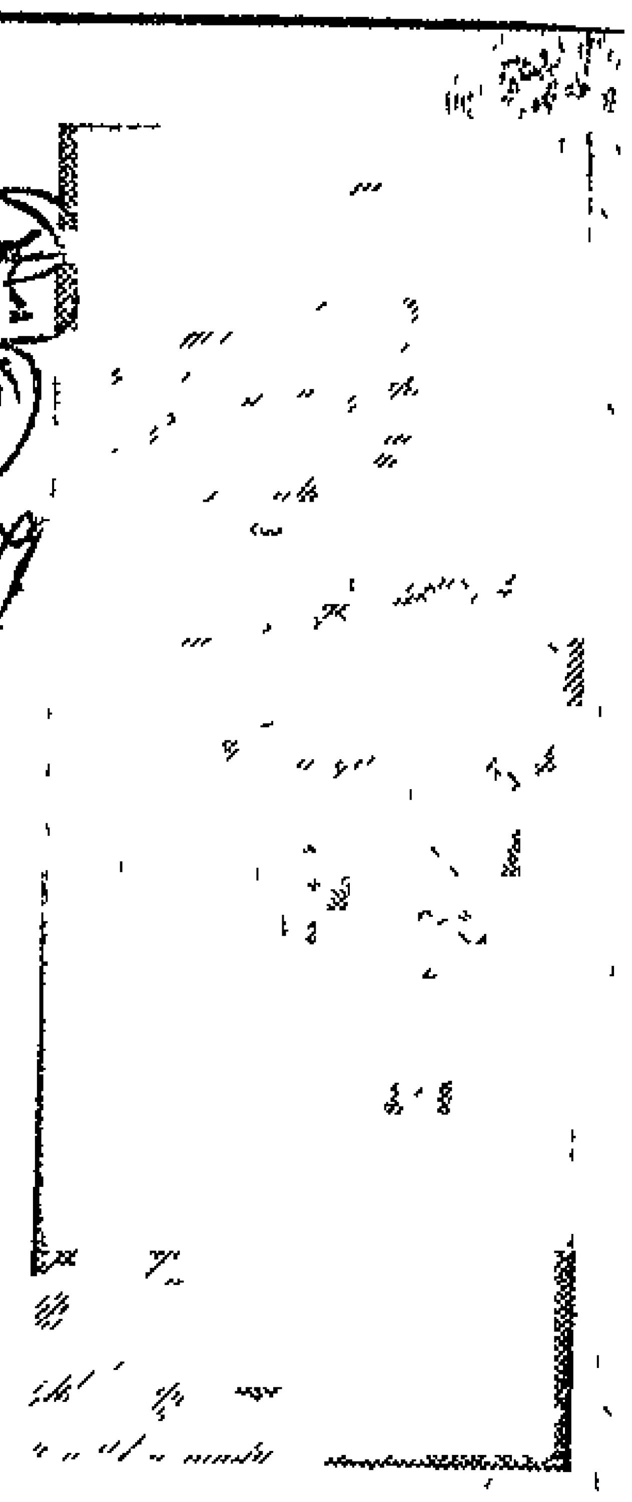
The Ford strike manifested black power in a political sense It was led by the Port Elizabeth Black Civic Organisation and had the open support of black consciousness leaders such as Dr Nthato Motlana of the Soweto Civic Association and Mr Curtis Nkondo of the Azanian People's Organisation

Mr Grobbelaar noted that the South African Council of Churches had played a significant role in both disputes It offered to help settle the continuing Ford dispute And it actually achieved a settlement through mediation in the Fattis and Monis dispute.

He said financial support for strikers, from outside sources, was apparent in the Fattis and Monis strike which lasted six months

Financial support also had been promised to the Ford strikers by unknown sources

This was in addition to a large sum which foreign labour organisations were reported to have sent to a striking South African trade union a year ago.



Mr Arthur Grobbelaar

"Non trade union assistance for strikers represents a complete departure from the conventional forces in the labour field," Mr Grobbelaar said.

"It can distort the whole concept of labour relations as being the preserve of employers and trade unions"

He found the solution to such distortion in the Ford dispute where the outside forces apparently clashed with a black trade union which was fully recognised by Ford.

"The Ford dispute shows that outside intervention can be resisted if an employer allows the development of trade unionism and strives for the removal of racial discrimination

"South Africa's labour reforms have come in the nick of time

"Ironically, those who are fighting the reforms are opening the doors to activists who have no business in labour affairs," Mr Grobbelaar said.