

MANUFACTURING — FOOD
1984

JANUARY ——— DEC,

FM 6/1/84 (186)

SPORTS SPONSORSHIP

Windies windfall for

While the SA Cricket Union (Sacu) has so far lost more than R500 000 on rebel cricket tours, sponsors of the current Windies tests will collect unprecedented advertising exposure for their investment

Yellow Pages and Barlows subsidiary National Panasonic will win exposure valued by Sacu president Joe Pamensky at about R4m for a cash layout of R250 000 and R200 000 respectively to sponsor the twin one-day and four-day test series

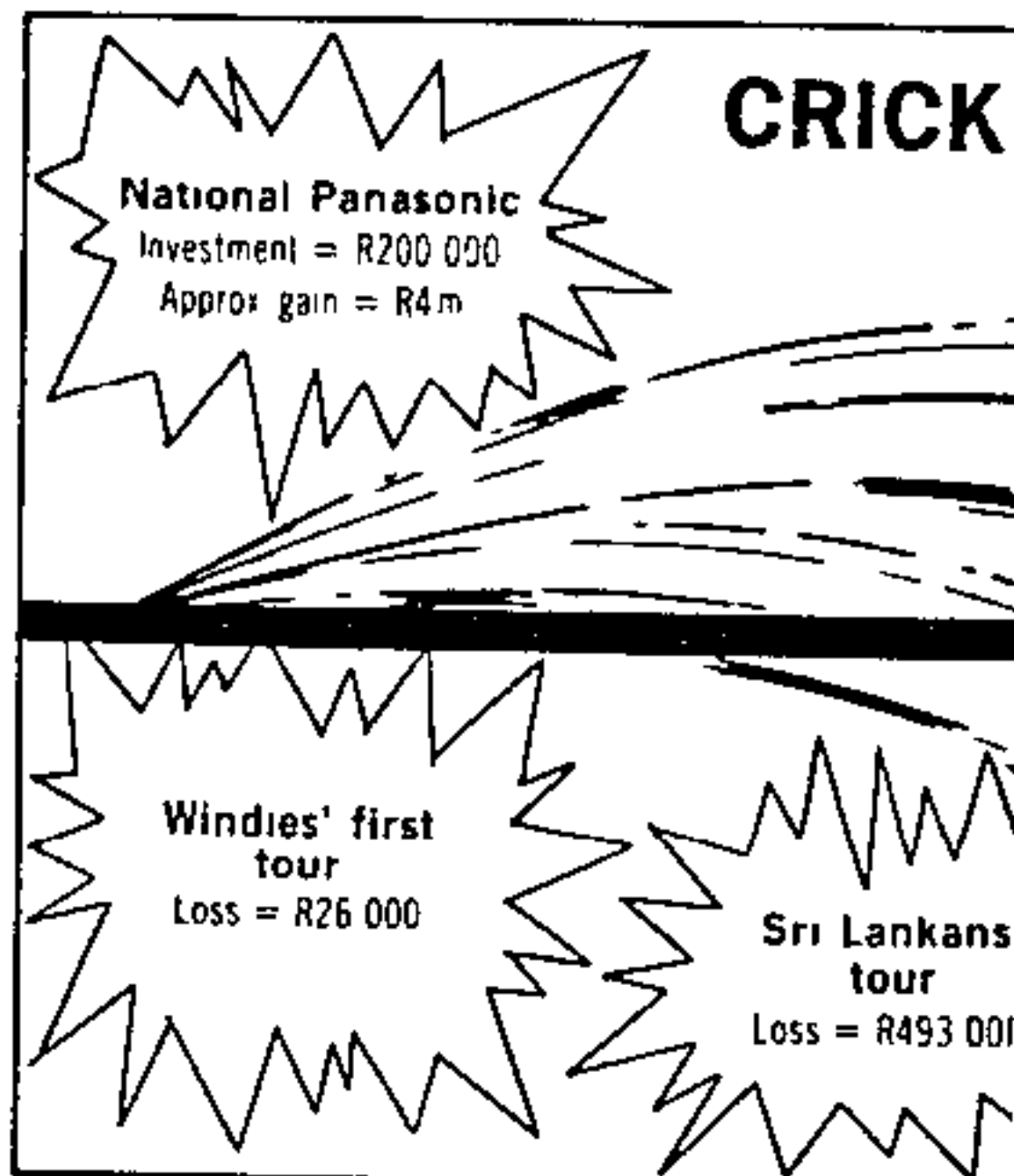
As the nature of the expenditure is sponsorship and not "direct advertising" they are probably exempt from gst as well (*Business*, December 9)

Pamensky calculates that all-media exposure for the two companies, if costed at "normal, that is, not peak, rates" over the series will work out at "between R3,5m and R4,5m"

"We have come to this figure after working out the exposure for their billboards on live TV coverage, TV sports roundups, TV news bulletins on all three SABC channels, ball-by-ball radio coverage in English, Afrikaans and at least two African-language radio services, plus their round-the-clock news bulletins, their radio sports round-ups and print-media coverage"

worth R137,6m or R16 a carton In 1981, on an export pack of 7,7m cartons gross sales fell to R124,5m and in 1982, the first year after the industry's drastic production cut-backs, the export pack fell to 5,6m cartons and the value of sales to R89m

The number of canners has fallen from 23 to six and deliveries to canners of yellow



clear loss of R26 000 There was no sponsorship (SA Breweries, which underwrote trailblazing English tour for about R500 000 was so traumatised by the black boycott a subsequent "rebel" soccer tour, it pronounced a total dissociation from future tours) Gate takings and TV coverage were the Sacu's only major income Government made an offer to underwrite any tour losses — a political headache

cling peaches, the main export product, were deliberately reduced from an average of 138 000 tons to 90 000 tons Deliveries of pears, the next most important product, were cut 20% to 40 000 tons

Foreign sales in calendar 1983 will have been about the same as 1982 on a similar pack, but in 1984 on an export pack of about

6m cartons the first of four price levels quoted to foreign buyers reflect an increase of 15%-20% over 1983 If the world's short-supply position persists, prices could go appreciably higher towards the end of the year (Selling prices are set at four stages throughout the year)

A number of factors are working in SA's favour. For the first time in years, there is no stock carry-over into the new sales year And then the California crop, which used to average about 1m tons of raw fruit, has been a disaster and, combined with massive tree culling, may amount to no more than 350 000 tons Bad weather and a strong dollar have added to California's woes and the state's biggest canner, Valley Co-op, went bust

Rationalised

Australia, a major competitor in Europe, has almost rationalised its canning industry out of existence There are now only three canners. As with the US industry, they may not even produce enough for their home market.

Finally, it seems that much of the sting has gone out of SA's toughest competitors in Europe — Greece and Italy. Because of severe strains on the funds of the Common Agricultural Policy (CAP), production aids to Greek and Italian canners — equal to about 33% of the retail price of their finished products — have been cut by a quarter and may go even lower. As a result, canners have cut back their intake of raw fruit Because the EEC canning industry takes no more than 4% of all the largesse dished out under the CAP, its political clout is limited

For the first time in many years, the supply position in Euromarkets will be tight If SA canners can keep cost inflation in check at home their net rand earnings could rise substantially this year

Sri Lankan and other rebel tours last year without any sponsors Only last month, at the eleventh hour, it found takers for this year's series The sponsorship anxiety was exacerbated by semi-public disputes over money issues, including aspects of sponsorship, with the Windies management and players

It also came against a backdrop of serious concern by the Sacu over its ability to recoup a R493 000 deficit incurred by the Sri Lankan tour

"As it stands now, we are not going to clear that deficit, but in view of the healthy attendance figures at Newlands (for the second of the four, four-day tests) plus the 28 000 spectators at the Wanderers for the first of the six one-day tests, the sponsors might well agree to increase their contributions

"The realities of what they are getting for their sponsorship are so substantial that they might want to up the figures," Pamensky tells the *FM*

The first Windies tour, he says, made a

"We are back on budget as of this moment," says Pamensky, who is confident the poor gate at the ill-timed (and some say overpriced) Durban Christmas test was not a barometer of spectator interest fall-off for the remainder of the tour

A small profit on the two Windies tours combined will not, of course, wipe out the carried-over deficit of the Sri Lankan visit The hope is, however, that the existing sponsors will help towards its elimination

□ Yellow Pages MD Dennis Maister says he is "delighted" at the exposure his company has enjoyed even before the first of the five remaining one-day tests begins

"Yes, of course the exposure is fantastic That's just why we went into it If you look at what you get with sponsorship, you are miles ahead of the game"

Maister, who is entertaining 100 of his customers at each of the one-day tests, isn't too sure, however, about chipping in any extra But he does not rule out the possibility of special merit awards for players

National Panasonic MD Terry

will severely curtail the extent of the recovery

In 1980, the industry exported 8,8m basic cartons (24 tins) of canned deciduous fruit

PLAYING THE GAME

The *FM* is to sponsor for R10 000 a one-day match on January 15 between a West Indies XI and a Randburg Cricket Club Invitation side Venue for the Sunday game, which falls during the third four-day SA-West Indies test at the Wanderers, is the Randburg Cricket Club The match starts at 10 am

Editor Stephen Mulholland says the *FM* "believes very firmly that contact between SA and other countries in as many fields as possible should be encouraged at every opportunity

"We further believe that it is by persuasion and communication that peaceful change can be most effectively achieved"

CANNERS LOOK TO FATTER TIMES

INDICATIONS are that the trend towards lower world wide supplies of canned fruit will continue and South African canners are in a position to increase their prices, according to Berthe van der Merwe, chairman of the Canning Fruit Board

of the canned produce will be disposed of. This is despite the higher inflation rate

prospects seem rosier as well thanks to opportunities offered by black consumers

The biggest part in the rationalisation process is something of the past, van der Merwe believes

He warns though that lowering of production of certain kinds of fruit should be halted now in order to ensure that volumes do not decline further

On the home market holds good growth prospects

On the local front

Currently, South Africans buy 340 million cans a year. On a per capita basis this is only 14

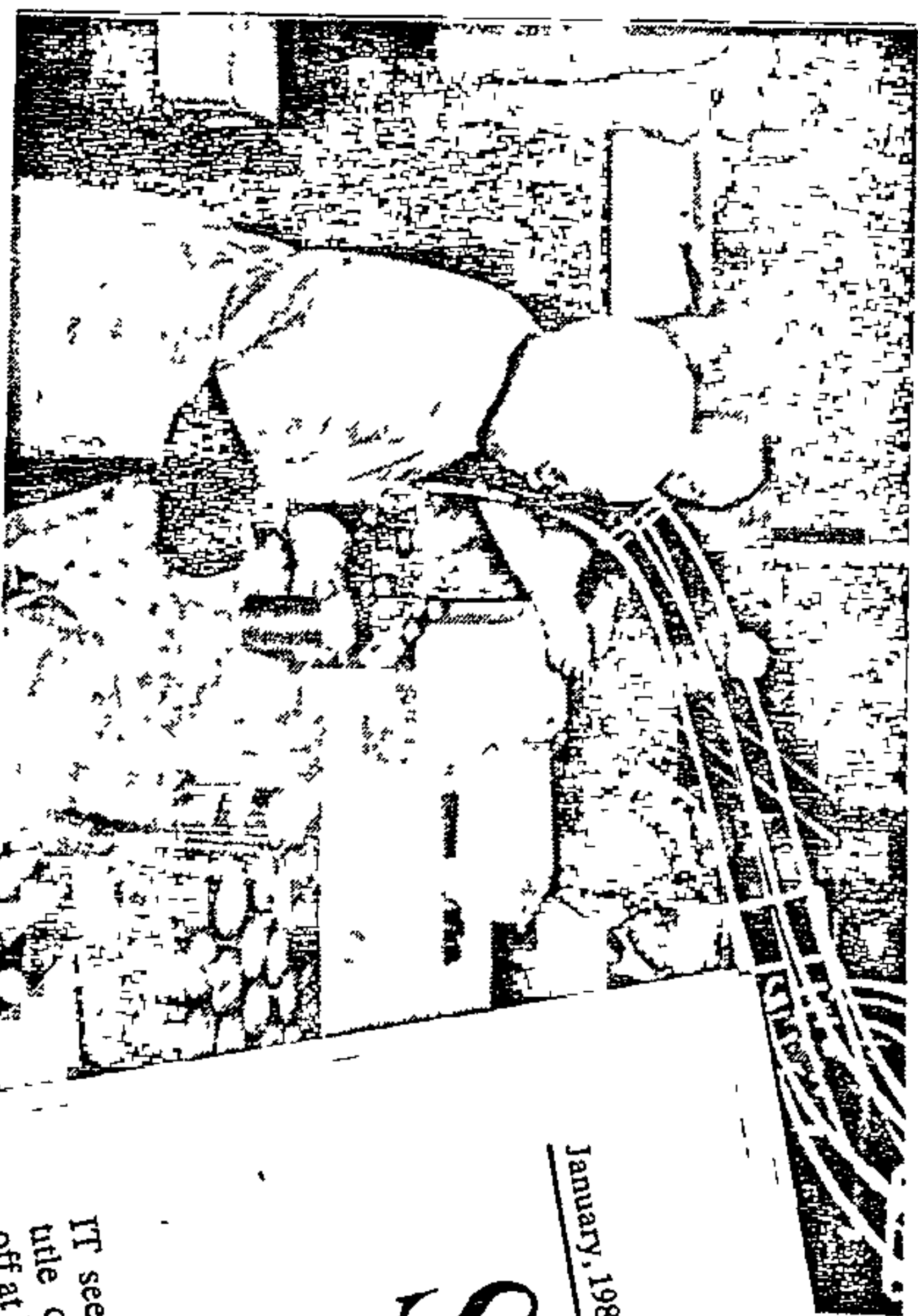
Research revealed though that the black community accounts for about 60% of sales (220 million cans) in South Africa and with an estimated population of 21 million, this represents consumption of only 10 cans per person, compared to the 95 cans per person in the USA

He foresees that greater marketing emphasis will be directed towards the black market

But, says Wiles, until the market is better understood 'there is no point in any large-scale promotion'

There are certain generic myths associated with cans, particularly within the black community, says Wiles

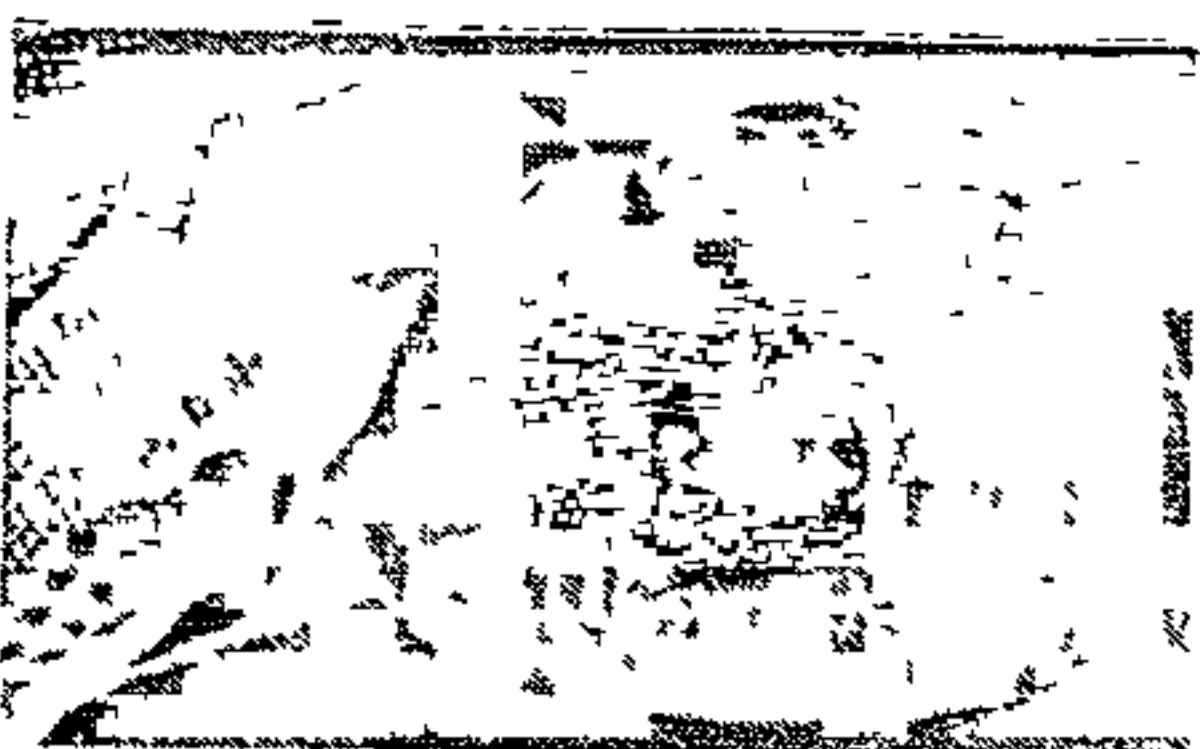
He believes a 'marksmans' approach should be adopted in approaching specific opportunities. This could result in the formulation of products being changed to conform with specific black market requirements



Fruit canners . . . gearing up for better times

'There are also opportunities for re-directing product perception - jam as a staple in the Black breakfast market for example' Wiles points out

Langeberg has not waited long and has positioned itself this year by increasing prices of canned produce by an average 9 percent. The main reason given is the higher cost of fruit - a ton of the new season's peaches is expected to cost the canner 32% more



Berthe v.d. Merwe



Vaughan Wiles

SECT

January, 1984

IT seems that sectional offices are taking off at last in Cape Town. The take-off though not on the grand scale envisaged earlier will have been titled.

The properties - published until now are relatively small developments especially put together by developers and developers be sold to specific markets

Developer Pooley was the successful floor and Studios in P which is now occupation. Most buyers are architects, engineers, surveyors, such professionals

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- NO PLUGS
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Consol warns Cape competitors

L

Sacking after racist job ad

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C. Herald 12/1/84
THE giant Dairybelle Corporation has fired a woman employee who last week placed a racist job advertisement on behalf of the company, in a daily newspaper

The advertisement, which invited "mature European ladies" to apply for a post of telesales lady at the Corporation's head office, was condemned by Western Cape Traders' Association chairman Dawood Khan

"If the company continues with this kind of filthy discrimination, there will be no alternative, but to call for a black consumer boycott of their products," Mr Khan said

Earlier, the woman who placed the advertisement — a Mrs Coates — had told Cape Herald "It is company policy to employ only whites in the head office I don't know the reason for this, but those were my instructions, and I just followed them"

But this week, Mr Martin Henning, general manager of Dairybelle's Western Cape operation said "Mrs Coates was talking nonsense She had only been with the company for a few months and perhaps she didn't know But it is not Dairybelle's policy to discriminate on the grounds of race, colour or creed

TERMINATED

"She acted on her own and when I found out what she had done, I gave instructions for her employment to be terminated immediately

"In the first place, she had no right to place the advertisement It should have been done by the manager"

Mr Henning said more than 60 percent of his company's workforce consisted of blacks

"And not all of them are labourers," he said

"We have black managers, clerks, secretaries, fitters, dairymen and mechanics When it comes to work, the only thing which matters to me is ability"

Mr Henning added that he was "upset" that Mr Khan had seen fit to lash out at the corporation

"He is well aware of our employment practices His attack on us is nothing more than an attempt to further his own political aims

"But I would like to challenge him to state openly how many members of other ethnic groups — whites — his organisation employs I'm prepared to bet that the answer will be none"

Contamination caused Peninsula milk to sour

AKGAS 13/1/84

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Staff Reporter

A CONTAMINATED consignment of 10 000 litres of milk, and breaks in the "cold chain" during hot weather led to souring and sweet curdling of milk sold in the Peninsula.

Cape Town's Medical Officer of Health, Dr Reg Coogan, said today that "slackening of standards" had coincided with the introduction of cardboard containers by the dairy industry

The containers themselves had been cleared and, after exhaustive investigations into milk souring, Dr Coogan said he was "hopeful that we have eradicated the trouble"

The investigations and "a lot of footwork" turned up a farmer who cleaned his machinery with infected water. This soured his production which, in turn, affected an entire tanker shipment of 10 000 litres supplied from that area

Survived

Though the tanker was sterilised after the delivery, the spore-bearing organism in the shipment survived pasteurisation, resulting in the bitter taste in milk delivered in October/November

At the same time there were "definite breaks" in the cold chain and the temperature at which the milk was loaded into tankers was found on a "couple of occasions" to be above the legal limit of 10 deg C

This "slackening of standards" coincidentally occurred at the same time that dairies introduced the cardboard containers

"There were further breaks at the dairy level and at shop level during the recent hot weather before the milk reached the public and it appears that a culmination of factors led to sour milk on a number of occasions being distributed to a wide area," Dr Coogan said

As a final test his department had now placed samples of milk in bottles, plastic sachets and cardboard containers and were monitoring the results

Today the milk in all the containers was nine days old — and all right — Dr Coogan said

employees in the same industry. There are the different working conditions and obligations of the two groups.

The SFAWU's inability to take the whole question of financial disclosure to the Industrial Court does, of course, represent a setback to the growing number of unions which are taking an intense interest in this issue. But it will not necessarily deter them from placing a variety of pressures on managements to provide them with more financial information.

From a procedural point of view, those unions operating in industries where an industrial council exists have a distinct advantage in their efforts to get access to the court for hearings on unfair labour practice claims. Where there is an industrial council, the route to the court is far smoother. A party declaring a dispute does not have to apply for a conciliation board — and is therefore not subject to the discretionary powers held by the Minister in connection with the appointment of conciliation boards.

ation of SA Trade Unions (Fosatu), declared a dispute with an employer last year. One of the issues at stake was the company's alleged refusal to disclose adequate information about its finances during wage negotiations. This, the union claimed, constituted an unfair labour practice. It wanted this issue included in the board's terms of reference — a prerequisite for the matter to be dealt with by the court if it was not resolved by the board.

The Minister of Manpower has granted the union's application for a conciliation board, but has excluded the issue from the board's terms of reference. Therefore, in this particular case, the SFAWU will find it extremely difficult, if not impossible, to get a court hearing on whether an employer's refusal to disclose financial information amounts to an unfair labour practice.

Supreme Court

This is not the first time that the Minister has used such discretionary powers granted to him by the Labour Relations Act. Last year the Council of Mining Unions (CMU) applied to the Supreme Court to overrule the Minister's refusal to include an alleged unfair labour practice in the terms of reference of a conciliation board it had applied for.

The major issue in that dispute arose from the fact that certain conditions of employment of members of CMU affiliated unions were less beneficial than those enjoyed by some other mine employees. This, the CMU alleged, constituted an unfair labour practice.

In its judgment (reported in the *Industrial Law Journal*) the Supreme Court found that the Minister had not acted unreasonably and it provided guidelines for determining whether he had exercised his discretionary powers correctly. The court said that in analysing the definition of an unfair labour practice, it was evident that, except in the case of labour unrest, the test for unfairness revolved around the question of whether injustice, prejudice, jeopardy or detriment existed in the given circumstances. The discretion exercised by the Minister in a particular case should thus be tested against this background.

The court said it could hardly have been the intention of the legislature that any condition of service of a group of employees, which was less beneficial than a similar condition of service of another group of employees, should be regarded as an unfair labour practice. It said comprehensive conditions of service of a particular group of employees may inevitably differ in certain respects from those of another group of

LABOUR LAW

Ministerial powers

Employers concerned about the Industrial Court's wide-ranging authority, will be soothed by the Minister of Manpower's apparent willingness to prevent certain unfair labour practice cases from reaching the court.

The Sweet, Food and Allied Workers' Union (SFAWU), an affiliate of the Feder-

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1/4/88

For 13/1/88

Cold comfort for canners

186
prev
17/11/84

By SIMON WILLSON

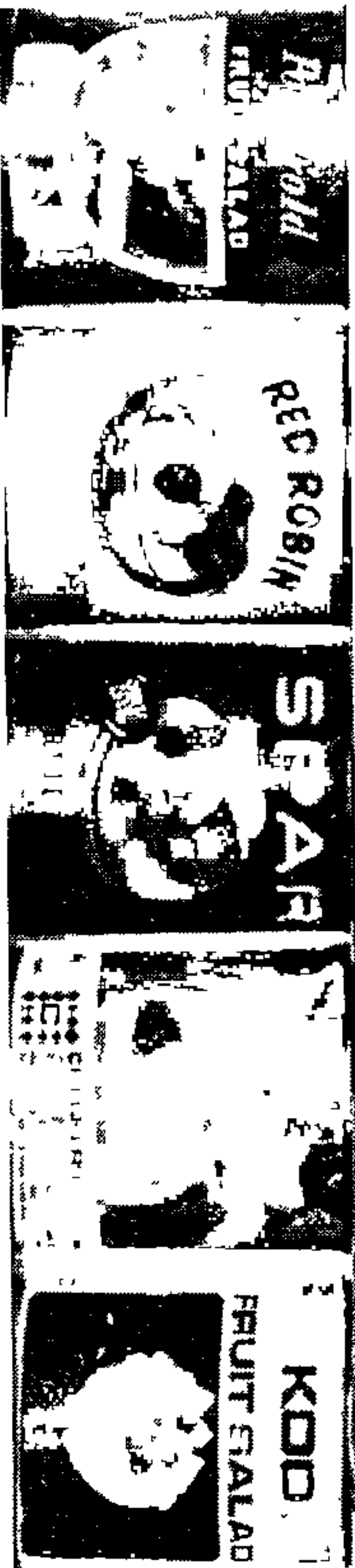
HIGHER US demand for South African canned fruit will probably be only temporary and offers no long-term solution to the canning industry's problems.

Mr Noel Lawson, the manager of the Canned Fruit Export Board, says next June's US fruit crop could soak up the demand now being met by SA exports.

Flooding ruined the 1983 Californian peach crop and the US is meeting demand for canned deciduous fruit with imports from Spain, Greece and South Africa.

Canners had high hopes that booming exports to the US would lead the languishing industry back to recovery after three lean years in which production and exports have been falling.

Canners started peach export shipments to the US last November, but will have to cram most deliveries into the six months before the US crop matures



"This year will probably be a one-off in terms of exports to the US," Mr Lawson says.

"There may be a little shortfall in US production to be made up by imports next year, but I can't see demand persisting any longer than that."

With the European Economic Community's canned fruit market effectively shut off to foreign producers by protective subsidies, all but short-term export prospects for SA's canned fruit remain bleak.

The export board is studying the likely effect of last year's floods on US fruit production to determine how long exporters can hope to help

meet the shortfall

"Our best guide is the similar flooding that hit the Goldbourn Valley fruit-growing area in Australia a few years ago," says Mr Lawson.

"During those floods many trees contracted the 'wet feet' condition and were permanently lost. But it is too early to be sure yet how bad the damage to the Californian trees has been

"The Californian floods could still prove to be only a temporary setback which will be remedied by next year."

Faced with a recession-hit export market and falling local demand, production of canned fruit has fal-

len by almost half over the past three years

Exports have fallen in the same period from 8.8-million 24-tin cartons worth R138m to 5.6-million cartons worth R89m

The principal canning companies say it is still too early to estimate likely volumes and earnings from this year's exports to the US

But Mr Ian Robertson, the deputy general manager of export marketing for the Langeberg Co-operative, SA's largest canned food producer, says the US crop failure has presented the industry with a favourable opportunity which should be fully exploited.

SA's sweet tooth is ¹⁸⁶ a R567-m ^{S-Times} industry ^{22/1/84}

By Barry Sergeant

SOUTH Africans will chomp their way through R567-million of sweets and chocolate this year — regardless of what it does to their teeth.

The confectionery industry has been little hurt by the recession, and expects an increase of about 6% in retail turnover this year. A healthy industry as a whole — it's also good for dentists — it has always shown growth.

But this year prices of most products will rise because of increases in the cost of raw materials. Major contenders in the market are Cadbury, Nestle, Wilson-Rowntree and Beacon.

The chocolate market constitutes about half the industry's turnover. This market is defined as consisting of chocolate slabs, bars and assortment boxes. The remainder is the sugar confectionery business — sweets.

Nestle says "Although the chocolate market increases have not been particularly high, it has been dynamic with tastes changing all the time."

Cadbury sells about half the 35 000 tons of chocolate eaten by South Africans in a year.

The basic input — cocoa — has doubled in price in the past year to £2 000 a ton, although there have been appreciable declines of late. This affects prices here as manufacturers buy cocoa from the London market. Out of average world cocoa production of 1.5-million tons a year, South Africa uses 5 000 to 7 000 tons.

Cocoa is used to make chocolate, hot and cold drinks, cooking ingredients and confectionery applications. The other inputs for chocolate after cocoa are sugar and milk.

Market leader in the hot and cold drink market is Nestle. Its main use for cocoa is not for chocolates but for powdered drinks. It says "Because of our planned cocoa buying on the international markets, the jump in cocoa prices will not immediately be felt in South Africa. Our buying strategy has generally enabled us to buy below world prices."

Imported confectionery has the edge on the South African product because free-market sugar is half the price it is here.

SA milk and sugar prices are controlled and the confectionery industry will have little option but to raise prices this year. It is protected by tariffs of 25% to 30% on imported finished products, but these are not high enough to combat competition.

Nestle says importers have "definitely established themselves in South Africa."

The industry notes increased buying of confectionery by blacks. Loose chocolates in super and hypermarkets have become particularly popular.

"No name" brands have established a market segment, and importers have moved in there as well.

Cadbury's policy in chocolate and sweet pricing has been to limit increases to "below the generally perceived inflation level". This, it claims, has enabled it to grow steadily.

186 D. Dispatch
One-day strike at
EL abattoir over 25/1/84

EAST LONDON — A one-day strike at the Cambridge abattoir here on Monday ended yesterday within 10 minutes of negotiations between workers and management officials

The development manager of the South African Abattoir Corporation Mr Andre Fourie who flew down from Pretoria to end the strike said the stoppage was over and no workers had been fired

The whole thing was unnecessary and was due to an unfortunate communications problem. The strikers wanted their pay a bit earlier

and their request was perfectly reasonable, he said

"We fixed the whole thing up within 10 minutes"

Mr Fourie said slaughtermen who had been brought in yesterday morning in place of the striking workers would be taken out again and the normal workforce would be back at work at 6 am today

"I am pleased to say that we are already ahead of our slaughtering schedule and the stoppage should have no effect on meat prices whatsoever," he said —
DDR

~~186~~
28/1/84
Bakery

strike

over

D. Aspatch

EAST LONDON — The strike at Star Bakery was over, the bakery's area manager, Mr J Stolp, said yesterday

Mr Stolp confirmed that a "few" of the strikers had been fired, but was unable to say how many

"Everything is now back to normal," he said

About 50 of the bakery's workers went out on strike on Thursday, apparently in protest against the dismissal of two employees, but, according to the manager, Mr J le Roux, other grievances had also been raised

Mr Stolp said that the grievances had been resolved — DDR

2/2/84

Striking workers

150 186 140A 70a Semetam

must 'sign'

MORE than 300 sacked strikers at Vetsak, Isando, have been forced to sign documents undertaking not to go on strike again as a condition of re-employment.

This claim has been made by the Metal and Allied Workers' Union representing workers who said that they felt threatened by having to sign the forms which they regard as "a means to stifle our union activities".

The workers were dismissed by the company after they had been on strike in demand of the recognition of Mawu, increased wages and stop order facilities on Friday.

They were ordered to

leave the premises of the company and to report back on Monday.

Some of the workers have accepted the offer while others have gone to the union to help them in this regard

The company's spokesman said that three-quarters of the workforce had turned up for re-employment yesterday and "we are busy screening those we have taken".

BMW UNDER FIRE

THE National Automobile and Allied Workers' Union (Naawu) has accused BMW of adopting an attitude of non-negotiation before the central labour problem could be solved.

Speaking from Naawu offices in Pretoria North yesterday, the national secretary, Mr Fred Sauls, stressed that the company was responsible for the closure of the Rosslyn plant last week. For the company to have closed negotiations before the dispute was resolved was enough proof that management collaborated with other industries where retrenchments were the order of the day



Angry chicken farmer Mr Tony Ward with his chicks.

They're trying to wipe us out, says small chicken producer

W/C Mlu 4/2/84 186

Weekend Argus Bureau

PORT ELIZABETH — Big Business is waging a chicken price war in the Eastern Cape with the aim of wiping out the small independent producer as a prelude to taking over the whole market and then raising prices through the roof

This is the view of one of the largest of the independent producers, Mr Tony Ward, who has recently resigned as chairman of the Eastern Cape Poultry Producers Association in protest against the Big Brother takeover.

"I have seen them do the same thing to the egg industry and now they are moving in on the chicken industry," says the disgruntled farmer. "These big companies are allied to the big feed producers, have no place in agriculture"

Down to eight

"If they succeed in their long term aims of controlling the chicken industry then they will eventually destroy the small farmer who is the backbone of the agricultural sector in South Africa"

Mr Ward said that he had seen the number of

independent poultry producers in the East Cape drop from 47 a decade ago to a mere eight this year

"I was no longer prepared to sit around a table with a group of men with whom I have no common interests — now both the chairman and the vice chairman of the

association work for big companies

He said the method the big companies used to get rid of the small operators was to start a price war which they knew the smaller producers could not survive

"That is not capitalism at work, it is monopoly capitalism and the only loser is the consumer"

THE EXECUTIVES

By AUDREY
d'ANGELO

4/6/86
4/2/84
186

GANT'S canned foods are a familiar sight in shops all over South Africa.

But the canning company in Somerset West is only part of the Gant's group, which owns farms producing a wide variety of crops and livestock, and makes a substantial part of its profits from the sale of agricultural machinery.

Joint managing director Mr David Gant said in an interview that group turnover would be "close to R80-million" in the current year — "double what we did in 1981".

Now the group plans to diversify into new interests in order to continue its rate of growth.

Two-man team

Mr Gant said that he and the other joint managing director, Mr Robin Merry, run the business as a two-man team.

Mr Merry is responsible for the canning side and Mr Gant, only son of the present chairman, Mr E M "Ward" Gant, looks after sales of imported agricultural machinery, farms producing livestock, timber, vegetables, fruit, grain, cotton and seed, and the group's property holding company, Sydney-on-Vaal (Pty).

He is Chairman of the Cape Pig Producers' Association and of the Cape Apple Growers' Association.

Mr Gant said that Gant's was still a family business and his sister's husband, Mr Martin Cornish-Bowden, was a director.

MONDAY, 6 FEBRUARY 1984

†Indicates translated version

For written reply

243 Howard Q 61 53
6/2/84

37 Mr D J DALLING asked the Minister of Internal Affairs

- (1) Whether any of the provisions of the Registration of Newspapers Amendment Act, No 98 of 1982, have come into operation, if so, which provisions, if not, why not,
- (2) whether it is anticipated that the said Act or any of its provisions will come into operation in the near future, if so, (a) when and (b) which provisions?

THE MINISTER OF INTERNAL AFFAIRS

(1), (2)(a) and (b) Section 3(b) came into operation on 1 May 1988. As indicated in my reply of 18 February 1983 to Question No 4 the promulgation of the remaining sections of the Act is kept in abeyance in order to give the Media Council, which was instituted on 1 November 1983, the opportunity of proving itself.

46 Mr E K MOORCROFT asked the Minister of Agriculture

What amount was paid out in subsidies in respect of (a) bread, (b) maize and (c) butter for consumer use in the 1982-83 financial year?

THE MINISTER OF AGRICULTURE

- (a) R193 455 000
(b) R69 945 000
(c) R929 904

Official visits

134 Dr F A H VAN STADEN asked the Minister of Internal Affairs †

Whether he paid any official visits abroad in 1983, if so, what (a) were the dates and was the (b) duration, (c) cost and (d) purpose of each visit?

THE MINISTER VAN INTERNAL AFFAIRS

No (a), (b), (c) and (d) Fall away

TUESDAY, 7 FEBRUARY 1984

†Indicates translated version

For written reply

Crown Mines site, sports centre

22 Mr D J DALLING asked the Minister of National Education

(a) What progress was made in 1983 in developing a national sports centre at the Crown Mines site and (b) what further progress is it anticipated will be made in 1984?

THE MINISTER OF NATIONAL EDUCATION

(a) The proposed national sports centre forms part of a proposed complex comprising also the new headquarters of the Witwatersrand Agricultural Society, a theme park, etc all sharing the same infrastructure. A master plan has been drawn up for a National Sport, Recreation and Exhibition Centre under a Steering Committee, appointed by the Cabinet, and which is in the process of converting itself into a non-profit making company. The erection of facilities by the Witwatersrand Agricultural Society resulted in considerable progress being made with the creation of the

T W Beckett raises earnings to 42,2c

Own Correspondent

JOHANNESBURG — T W Beckett pushed up its earnings 52 percent to 42,2c a share in the six months ended December from 27,7c in comparative six months of 1982

The company is controlled by Anglovaal through South Atlantic Corporation and distributes tea and coffee

Turnover rose 14 percent to R52,257m for the six months (six months to end-December 1982 — R45,802m) while profit before tax was 30 percent up at R5,533m (R4,249m)

The company said its sales mix was more profitable in the six months, while improved plant efficiencies and cost containment contributed to a recovery in margins and profitability returned to more acceptable levels

T W Beckett has taken advantage of the sharp rise in world tea prices to push its own tea selling prices up

CAPE TIMES 14/2/84

18c

Mill
D. Dispatch
workers
15/2/84
strike

EAST LONDON — Reports of a strike at the KSM milling company in Queenstown were confirmed by management at the East London plant yesterday

A spokesman for the company said he could not say how serious the stoppage was, nor how many workers were involved. He said he thought the stoppage was quite serious and added that top management officials were in Queenstown for talks on the matter.

The spokesman promised that a statement would be issued today
— DDR

Workers

~~186~~
resign

186

162/84
from

mill *Q. Dispatch*

EAST LONDON — The total workforce of 150 tendered their resignations to the management of the KSM Milling company in Queenstown yesterday according to a statement by Mr Gordon Minkley, the managing director of the company

The statement said that following a dispute over the last few days and the dismissal of 11 employees as a result of disciplinary action, 150 employees tendered their resignation

The statement said that the resignations had been accepted and the company would begin to hire a new workforce during next week.

The gates of the plant in Queenstown were locked yesterday and about 200 workers were standing outside —
DDR

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Outcry follows
~~to~~ the 6c bread
Stan
price increase

By Zenaide Vendeiro 17/2/84

Consumer organisations reacted with "shock" to the 6c increase in the price of white and brown bread announced in Parliament on Wednesday

Mrs Sally Motlana, president of the Black Housewives' League, said black consumers would be particularly hard hit by the price rise as they were the lowest-paid population group in South Africa

Mrs Motlana warned that consumers could expect increases in other foodstuffs "Once one commodity goes up in price, you can be sure the increase will spread to all related foodstuffs"

Mr Bernard Hellberg, assistant director of the South African National Co-ordinating Consumer Council, said it was "a disappointing development"

SPECULATION

There had been speculation of a price increase because of the state of the wheat industry and because the Government felt it could not raise the subsidy on bread

"This is a bitter blow," said Mrs Joy Hurwitz, national president of the Housewives' League of South Africa "Increases of this size, coming so soon after the increase in GST, will hit those consumers who can least afford it in this time of recession

"I'm especially distressed that the price of brown bread has been increased as consumers have been encouraged to purchase it because of its better nutritional value"

Mrs Hurwitz said that a price rise had been expected and "the League asks again for the exemption of basic foods from GST".

D. Ripitch
Azapo ~~17/7/84~~ 186
link ~~130~~
caused ~~172~~
dispute

EAST LONDON — The dispute at the KSM Milling company in Queenstown stemmed from a visit by an official of the African Food and Canning Workers Union (AFCWU) to a meeting of the Azanian People's Organisation, Mr D Vani, secretary of the AFCWU in Queenstown, said yesterday

Mr Vani said the chairman of the Queenstown branch of the AFCWU, Mr M Ngoma, attended a meeting of Azapo in Johannesburg recently

"The AFCWU does not wish to be associated with Azapo" Mr Vani said

He said that the AFCWU had expelled Mr Ngoma on his return from Johannesburg and had asked the KSM management to consider transferring Mr Ngoma to another plant

Mr Vani said that 11 AFCWU members employed at KSM had been involved in some sort of confrontation with Mr Ngoma and had subsequently been dismissed by the company

The whole workforce had then come out in sympathy with the 11 workers

Mr Mncedisi Mblini, the secretary of the Queenstown branch of Azapo, confirmed that Mr Ngoma had attended a meeting of Azapo

Mr Mblini claimed that Mr Ngoma had been manhandled off the premises of KSM

A statement by the managing director of KSM, Mr Gordon Minkley, that the workforce had "resigned" has been disputed by Mr Vani

"The workforce has in fact been dismissed by management," he said "We are waiting for the outcome of further negotiations between the AFCWU and management I have communicated with management that we are waiting for the next stage of talks," Mr Vani said

Mr Minkley said yesterday he was not in the process of negotiating with AFCWU

KSM workers were informed yesterday that they could collect their money at the plant and that the company would be rehiring in March, when former workers could apply for jobs —
DDR

Thirsty Rennies makes R10-m soft-drink debut

186 S. Times
By Alec Hogg

RENNIES has bought into the lucrative R500-million a year soft-drink industry.

At the second attempt, it has acquired Sparletta-Suncrush (Pty) for R10-million. Negotiations were resumed a month ago after a bid was turned down last May.

The price will be paid through the issue of 740 000 new Rennies shares, which have been placed with the Mines Pension Fund at R13.53 each.

This is the first step in what promises to be a major drive by Rennies into the soft-drink market. The chief executive of its trading division, Tony Bush, says: "We will give ourselves six months to learn the business before making further acquisitions."

Realistic

The new subsidiary, which holds the Sparletta franchise on the Reef, produces 3% of all carbonated minerals sold in South Africa. It is the largest of 42 Sparletta franchise holders.

Mr Bush told Business Times that although the acquisition would have no impact on either earnings or net asset value in the 18 months to the end of June, "we see it as making a meaningful contribution to both the division

and the group in the longer term".

He would not be drawn on Sparletta-Suncrush's earnings as "this might give other potential sellers ideas. We bought it at a realistic price-earnings ratio which satisfies all our criteria."

According to Mr Bush, one of the company's main attractions is its heavy exposure to the fastest-growing sector of the retail market. "About 80% of all carbonated minerals are consumed by blacks"

Chief executive of Sparletta-Suncrush Jack Keyzer says that in the past four years the company's earnings have grown by 25% compound annually.

Mr Keyzer, who together with his management team will stay with the company, is confident that there is still potential for large growth

The company's Alrode factory, which comes on stream in September, will double production capacity. Mr Keyzer says the Industria plant, which produces 3-million cases of soft drinks a year, is "running at 100% capacity with both day and night shifts"

When the factory starts up the company will be able to increase its 12% share of the Reef market. As Sparletta holds 20% of the national soft-drink potential growth is enormous.

Seven Moosas take on a rice giant

186 S. Times
Business Times Reporter

1912/84
WAR threatens to break out in the R400-million a year rice business as seven Indian brothers from Maritzburg challenge Colgate-Palmolive's dominant S Wainstein & Co.

The story from the Moosa Brothers of Maritzburg, SA's rice capital, is that they have completed a mill for R20-million. They are importing rice from America and Thailand, processing, polishing, milling and packing it. A R1,6-million advertising campaign has been launched for Anka, Star Pride and Pride rice.

They reckon Wainstein has the big supermarkets tied up and they are battling to get Pride rice on the shelves alongside Wainstein's Tastic and 19 other brands.

They aim at sales of R20-million in their first year, R40-million in the second and R50-million in the third. They want 20% of the lucrative rice market.

Stanley Kaplan, managing director of Wainstein, says the Moosa investment is more like R3-million than R20-million. He says they are not the only contenders for Wainstein's rice crown.

Another is Spearhead Rice, also a Maritzburg Indian company. He believes the Moosas launched Pride as part of a family vendetta against Spearhead.

He admits his company may bestride rice like a colossus, but says it enjoys no import protection and entry to the industry is free. His company put Tastic in the No 1 spot through hard work and marketing acumen.

Wainstein, with a R42-million investment in plant and machinery, provides 750 jobs and has a highly developed social conscience.

"Pride may be small and you may say give them a chance, but we take all competitors seriously. We won't put out a welcome mat. We fought hard for our share of the market and are not going to give it away."

Some stores keep bread at former prices

Rest 186
E. Post 20/2/84

By STEPHEN ROWLES

THE increase in the price of bread — by 6c a loaf to 60c for white bread and 42c for brown bread — came into effect today at shops and cafes.

Supermarkets are still selling bread below the new price, and two chains have given undertakings to maintain their prices for a time.

The general manager of Pick 'n Pay for the Eastern Cape, Mr Terry Carroll, said the stores would be holding their current bread price until Easter.

White bread costs 45c a loaf while brown bread sells for 29c.

The area manager for Grand Bazaars in the Eastern Cape, Mr Ian Stevens, said the group's stores would be maintaining their prices of 31c a loaf for brown bread and 38c for white bread today.

He was awaiting a directive from his head office on the prices his group would charge in future.

A spokesman for the Grand Bazaars head office in Cape Town said a meeting was being held to decide on a strategy on the bread price.

A spokesman for the Checkers divisional office for the Eastern Cape said their stores would continue their policy of selling bread at cost.

White bread would now be sold at 54c a loaf and brown bread would cost 37c a loaf.

The spokesman said Checkers had a policy of having weekly "specials" on staple foods, and bread would also be included in this at some stage.

The district manager of OK Bazaars for the Eastern Cape, Mr Maurice Hardwick, said his stores would be maintaining their prices of 47c for a loaf of white bread and 30c for a loaf of brown bread until the end of the month.

The position would then be re-assessed by the group's head office, he said.

Oldest SA canning company

186 D. Ripatch
20/2/54
is still active in EL

I believe Western Province Preserving Co Ltd, renamed Henry Jones (IXL-SA) Ltd in 1973, is the oldest canning company in South Africa. It was registered in the Cape Colony, in 1905 and is still vigorously active, here in East London.

On November 15 1910, another company, H Jones and Co (SA) Ltd was registered in Zuider Paarl, absorbed Raden's "All Gold" jam factory, which then took over Western Province Preserving Co in 1925.

There have been many changes in the canning world since those early days but in East London today we still have Henry Jones (IXL-SA) Ltd and Western Province Preserving Co (Pty) Ltd.

Pineapple canning commenced under the Jones name in Port Elizabeth in 1948 and in East London in February 1958. The Port Elizabeth factory closed down in 1971, transferring staff and plant to East London.

Meanwhile on the farm Glenfields near Kidd's Beach, a pineapple canning factory had been erected, operating under the umbrella of a company named D Oliver and Co (Pty) Ltd registered in 1956. This

company ceased operations in 1980 and the factory stood derelict for two years.

The Jones-Western Province Preserving Co. factory, sited on the West Bank overlooking the harbour, decided to sell out to CDA in 1982. It certainly would not have been acceptable to East London to have Mercedes and Honda look towards Natal or Pretoria for expansion room, would it?

CA's 7/10/84 20/12/84
 (Circled text with handwritten '186')

Droughts knocks Kanhym profits

JOHANNESBURG — Losses caused by the drought in Kanhym Investments' farming and meat processing divisions resulted in the group suffering a consolidated loss for the year ended December. A further misfortune was that the group burnt its fingers in its first venture into foreign borrowings. It took uncovered dollar loans totalling \$36,8m and as a

result of the unfavourable exchange rate incurred an unrealized exchange loss of R4 497 000 at year-end. Higher interest rates further aggravated the position, pushing up the group's interest bill. Against an operating income of R15 8m (1982 R24,4m), the interest bill was R16,3m (R13,7m) which put the group in a loss position to the tune of R596 000. Taking into account the foreign exchange loss, the after-tax loss was R4 129 000 against a profit in the previous year of R15 781 000. The attributable loss was R5 330 000 compared with 1982's net profit of R14 061 000.

joins ng shippers

for these key areas of the world

We therefore anticipate a boost to removals traffic between the four countries and plan to exploit additional business potential around the Pacific rim.

The formation of Swire Pickfords is in line with our policy of expanding internationally. Pickfords already have operations in South Africa, the UK and Australia.

I am confident that the combination of Swires local knowledge and the introduction of Hong Kong of our specialist expertise will provide the ingredients for a highly successful partnership."

Farming operations

The managing director, Mr Harold Kramer however said that matters could only improve in 1984. Already in its farming operations the group has had its best ever potato and hay crops — while its maize crop remains threatened by the current drought — and its stands to make good profits out of its feedstocks this year.

The group's planned rights issue which is to be finalized soon will raise further funds. Mr Kramer said it would probably take the form of convertible preference shares and would raise R40m to R50m — Sapa

Brazil outlines economic targets

BRASILIA — Debt-ridden Brazil will once again outline economic targets to the International Monetary Fund (IMF) to secure the release of billions of dollars in much needed loans, the finance minister said.

"We have already given them the means and now we will define the numbers," the acting spokesman, Mr Andre Camargo, said.

Latin America's largest nation holds the biggest foreign debt in the developing world now estimated at about \$96.5 billion. In 1982 it

would be released in March. The IMF money should signal the release of \$3 billion from the private bankers part of a recently signed \$6.5 billion jumbo loan to be paid back over eight years.

Debts

The money will be used to pay debts left over from 1983.

The Finance Minister, Mr Ernane Galveas has already said Brazil will have to go back to the bankers for another loan before this year is



Mr Pietie Theron, manager, quality control at KWV, has been appointed manager, technical services

SA to issue

From NEIL BEHRMANN

LONDON — The Minister of Finance, Mr Owen Horwood, has confirmed that South Africa intends issuing a dollar bond on the Euromarkets in the next few months.

"If that succeeds, then we've really got something behind us," he told AP-Down Jones News Service in an interview.

He said that the government had not made a decision yet.

The bond certificate other Mr wire Africa with international It terna Fund draw 1 bil park grant. Nove

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Sowetan 21/2/84

'Workers won't budge'

186

ABOUT 400 striking workers at the Dairy-Maid ice cream factory in Olifantsfontein have resolved not to return to work until management has addressed itself to their problem.

Workers downed tools last week after management refused to expel or transfer a white supervisor who allegedly went about sjambokking employees at the company.

By ALINAH DUBE

They complained that the official had assaulted a colleague and requested management to attend to the problem immediately

A statement issued by the Food Beverage Workers' Union of South Africa in Pretoria yesterday pointed out that a workers' meeting over the weekend agreed not to end the

strike unless the supervisor was dismissed

They indicated dissatisfaction over the way the dispute was handled by the company

The organising secretary of the union, Mr Glen Mokoena, said company officials were using different ways to lure workers back to work. He said workers were not interested in offers which were not done through their union

There is no proper means of communication between the company and its workers because of management's refusal to talk to the union, he said

Attempts by The SO-WETAN to get the company's side of the story proved fruitless as the manager, Mr A van Rhyne, was said to be attending a meeting at head office

~~187~~ (186)

39 held outside Q'town mill

EAST LONDON — Police arrested 39 people outside the KSM milling company in Queenstown yesterday after complaints were received that workseekers at the plant had been assaulted and intimidated

Major C Langenhoven, of the district CID, said that uniformed police and members of the security branch went to KSM to investigate allegations of assault and intimidation of people who were applying for jobs at the plant.

Major Langenhoven said that his men arrested 39 people and were holding them pending investigations into the allegations

There has been an industrial dispute at the KSM plant for the past two weeks resulting in the entire workforce of 150 resigning last Tuesday, according to management at the plant

Mr D Vani, secretary of the African Food and Canning Workers Union (AFCWU), denies that the workers resigned and claims that they were dismissed by the management

Mr Vani said yesterday that the AFCWU strongly condemned the action taken by the police and blamed the management at KSM for the delay in finding a suitable solution to the dispute

Mr D Galloway, personnel manager at KSM said yesterday that the situation at the Queenstown plant had not changed since last week but that management would be having further talks with the AFCWU later this week.

Mr Galloway said that some of the former workers had collected their pay and that the plant was in operation. They had not started to recruit any full-time labour — DDR

13/2/84
D. Bignard

RDM 28/2/84

Unionist workers appear in court

Labour Correspondent

TWENTY-SIX workers at the Potchefstroom food company Chubby Chicks were held by police for attending an alleged illegal gathering, which also led to the arrest of a prominent black unionist, Mr "Skakes" Sikhakhane, police revealed yesterday

According to a police spokesman, the 26 have now appeared in court and been released on their own recognisance

The spokesman said they were expected to appear in court again in a fortnight

Mr Sikhakhane, general secretary of the Food, Beverage Workers Union, was arrested outside Chubby Chicks last Thursday, after travelling to the plant during a dispute there

He appeared in court last Friday, charged with holding an illegal gathering, and was released on bail of R500

Other bail conditions were that he surrender his passport to police, report daily to a police station and that he not interfere with State witnesses

June 6/3/84

Strikers' new move

THE FOOD and Beverage Workers' Union has resolved to take the Dairy-Maid ice cream factory to court in a bid to resolve a three-week-old strike.

At a meeting held at the Roman Catholic Cathedral at the week-

end, workers expressed uncertainty about their future with this Olifantsfontein factory which has since taken back some of the people who were on strike

They said management was using tricks to lure workers back. Some, they said, were already occupying their positions while others were still out on strike.

The strike broke out three weeks ago after employees had complained that a white supervisor assaulted workers with a sjambok with authorities turning a blind eye to the problem. They wanted him sacked from the company.

Pay increase is an 'insult' say workers

N. Murray

9/3/84

Mercury Reporter



WORKERS at Tongaat Milling have rejected an 11,95 percent pay rise offer and are planning a protest until their wage demands are met, according to Mr Norman Middleton, a spokesman for the Food and Beverages Workers' Union.

He said yesterday that the workers were demanding an across-the-board increase of R15 a week, but the company offered R5

'The workers rejected the offer as they consider this an insult,' he said, adding that the company was boasting that it was granting an increase of 11,95 percent.

'This may sound a substantial amount when one is earning R500 and upwards, but to the lowest paid worker, earning about R42 a week the increase is negligible,' he added.

Mr Middleton said the decision to reject the increase followed several wage negotiation meetings which failed to resolve the matter. 'We informed the company that the offer is not acceptable and as far as we are concerned the talks have reached a deadlock.

'The workers were prepared to reach a compromise by settling for an increase of R10, but the company refused to budge,' he added.

Mr Bob Blair, the company's chief personnel manager, yesterday confirmed that the workers rejected the offer.

'Negotiations are still continuing. We hope to have the matter settled later in the month.'

Food unions look West for support

By STEVEN FRIEDMAN
Labour Correspondent

TEN local trade unions affiliated to the International Union of Food and Allied Workers (IUF) have called on Western food unions to condemn the "rising trend of repression" against trade unions in South Africa

The Geneva-based IUF represents food unions throughout the West and the call is likely to lead to a telegram campaign by these unions in protest at recent moves by the authorities against unions and unionists

Its South African committee includes members of the Federation of SA Trade Unions, Council of Unions of SA and Trade Union Council of SA

A resolution adopted by the committee this week cited the arrest of trade unionists Mr Robert Mkhize of the Commercial, Catering and Allied Workers Union and Mr "Skakes" Sikhakhane of the Food, Beverage Workers Union as evidence of stepped-up police action against unionists

Mr Sikhakhane has been charged under the Internal Security Act and Mr Mkhize under the Intimidation Act

The resolution also cited the banning of the SA Allied Workers Union in Ciskei and the Bophutatswana authorities' decision to ban South African unions from operating in the territory

It is understood the meeting was attended by a senior IUF official who supported the call for international food union condemnation and will take this back to the IUF's head office

ADM 9/2/84

700 strike over new tax system

N. Mercury 12/3/84

186

African Affairs
Reporter

MORE than 700 workers of Union Flour Mills, Mobezi, decided at a meeting yesterday not to return to work today until the new black taxation system had been fully explained to them.

The employees went on strike last Friday after expressing dissatisfaction with the explanation by an official from the

Receiver of Revenue. Workers claimed that the official had said the taxes would go to the KwaZulu Government.

A spokesman for the workers said they would not return to work until Chief Gatsha Buthelezi of KwaZulu had come to confirm what the official said.

The workers claimed they were being over-taxed. They said they paid GST, KwaZulu tax

and now they were to be taxed on their earnings.

The employees refused to sign the new tax forms when they were introduced for the first time, but when they got their weekly wages last Friday, they discovered that deductions had been made according to the new taxation system.

Mr NJ Cranshaw, the firm's managing director, could not be contacted last night.

First black tax strike hits Durban

By STEVEN FRIEDMAN
Labour Correspondent

WORKERS at a Durban plant, Union Flour Mills, have staged the first strike by black workers over their inclusion in the same tax system as whites.

Yesterday the strikers were told to return to work this morning or be fired.

The strike was sparked when a Government official told workers that the tax money they paid under the new system would be paid to the KwaZulu Government.

Our Durban correspondent reports that management at Union Flour Mills — where the 700 workers have been on strike since Friday over the new tax system — confirmed that workers were told to return or be fired.

And a tax official in Durban also confirmed yesterday that he had told workers their tax money would be paid to KwaZulu.

Workers, many of whom belong to the SA Allied Workers Union, say they already paid various taxes to the KwaZulu authorities and now want to meet KwaZulu's Chief Minister Chief Gatsha Buthelezi on the issue.

The National Union of Clothing Workers (NUCW), which represents black workers, has added its voice to calls by emerging unions for the new tax system to be withdrawn temporarily.

Multi-million case veiled in secrecy

By DIANNA GAMES

A VEIL of secrecy was drawn around proceedings at the Rand Supreme Court yesterday at the start of a civil claim involving millions of rand and which will be fought by some of the country's most prominent lawyers.

The claim is being brought by a British businessman Mr Maurice Sellier, a Middle Eastern businessman Mr Ezra Nonoo, and Trade and Technology (Holding) Ltd, a foreign company.

Defendants in the case are Sasol, the Strategic Fuel Fund Association and the Honorary Consul General for Peru, Mr Helge Storch Nielson.

Mr F Cilliers, SC, appearing for Sasol and the Strategic Fuel Fund Association, Mr S Kentridge SC, Mr S Cohen and Mr P Solomon.

Appearing for the complainants were Mr S Kentridge SC, Mr S Cohen and Mr P Solomon.

Mr Justice Melamet further ordered that no publication of the pleas, evidence or documents before the court, legal argument or judgment on the case be allowed.

There has been a great deal of speculation about the case — described as one of the biggest law suits in South African history.

Counsel for Sasol and the Strategic Fuel Fund Association, Mr F Cilliers SC is assisted by Mr P Ströcher and for Mr Nielson, Mr W E Cooper SC is assisted by Mr J Du Plessis.

New accord in 'poisoned' relationship

By KEVIN DAVIS
and DAVID CAPEL

PIETER TOERIEN'S Promotions, who are running the Agatha Christie murder show "The Hollow", have settled their differences with their former assistant stage manager Mr Jaques Theunissen.

Mr Theunissen, who was fired from his job shortly after police quizzed him on the alleged attempted murder of star South African actress Shelagh Holliday at the Andre Huguenet Theatre, will be paid out any money owed to him by the firm later today.

Pieter Toerien's personal assistant, Mrs Vanessa Barling, said last night the company was upset about the incident but wanted to "settle our differences" with Mr Theunissen.

"We have got our accountant to draw up a cheque for Jaques and he can fetch it any time."

Mr Theunissen was pleased they had reached a settlement "before I was forced to take legal action".

Ms Penny Charteris, Shelagh Holliday's agent, has denied Mr Theunissen's claims that the 'rat poison drama' was "a publicity stunt".

A police spokesman said yesterday that tests on the green substance found in a kettle had not yet been completed.

Offered lift and robbed

By JOHN MILLER

A 76-YEAR-OLD Roodepoort man was robbed of R1300 yesterday by a stranger who gave him a lift home.

Mr Hendrik Crous withdrew money from a building society in Roodepoort soon after it opened.

As he was walking out, a stranger offered Mr Crous a lift.

When they stopped outside Mr Crous' house, the driver suddenly pinned Mr Crous to the passenger seat and took the money out of his pocket.

He then pushed him out of the car and sped off.

No arrest has been made yet.

MATTER OF FACT

TO CORRECT specific errors of fact, write to the Editor at P O Box 1138, Johannesburg, or telephone the Editor's secretary at 710-9111 between 9am and 5pm on weekdays.

If you have broader complaints about the Rand Daily Mail these can be taken up with the Mail Ombudsman, James McClurg, c/o the Editor's secretary.

POLITICAL comment in this issue by R A Gibson, Benjamin Pogrand, Peter Bunkell, newsbills by Patrick Carfax, headlines and sub-editing by Anthony Allison, cartoons by David Anderson, Gaskill all of 171 Main Street, Johannesburg.

R120 000 for flood victims

By MONTSHIWA MOROKE

THE United States Government will donate R120 000 to the South African Red Cross to assist flood victims in the KwaZulu and Natal areas.

According to the United States Information Service (USIS), the US Ambassador to South Africa, Mr Herman Nickel, said the funds would be used by the Red Cross to provide food, fuel and blankets.

Aid is being given to supplement the already ongoing, extensive efforts of the KwaZulu and Natal USIS said.

Zulu authorities, the Natal region of the Red Cross and the South African Government "to combat the effects of this great natural disaster".

"This funding, from the office of foreign disaster assistance in the Department of State and authorised at the discretion of the American Ambassador, is an expression of the sincere concern of the American Government and its people for the thousands of South Africans affected by the floods," the USIS said.

Union official arrested while trying to settle strike

By STEVEN FRIEDMAN
Labour Correspondent

A KEY official of Fosatu's Paper, Wood and Allied Workers' Union Mr Jeremy Baskin, was arrested yesterday outside a Johannesburg factory where he had gone in an attempt to settle a strike.

His arrest follows those of two other union leaders in the past few weeks. Several unionists were also arrested in January after arriving at plants to intervene in strikes.

Mr Baskin was arrested yesterday morning and, by late yesterday afternoon, was still being held. A police spokesman who confirmed the arrest said, however, he was due to be released on bail.

According to the spokesman, Mr Baskin has been charged with holding an illegal meeting.

Recently Mr Skakes Sikhakhane, the general secretary of the Food and Beverage Workers' Union was arrested outside a Potchefstroom plant where he had gone to settle a dispute.

And the chief shop steward of the Commercial, Catering and Allied Workers' Union, Mr Robert Mkhize, was arrested under the Intimidation Act last week. Both men are facing charges.

According to a spokesman for the union, Mr Baskin's arrest followed a strike at an Amalgam factory, Transpoly, over union recognition.

He said Mr Baskin went to the plant yesterday morning after learning of the strike and had found both West Rand Administration Board police — who were asking for

workers' pass books — and SA Police.

Mr Baskin was, however, the only one arrested, he added.

He said the strike started because workers had been sacked for belonging to the union.

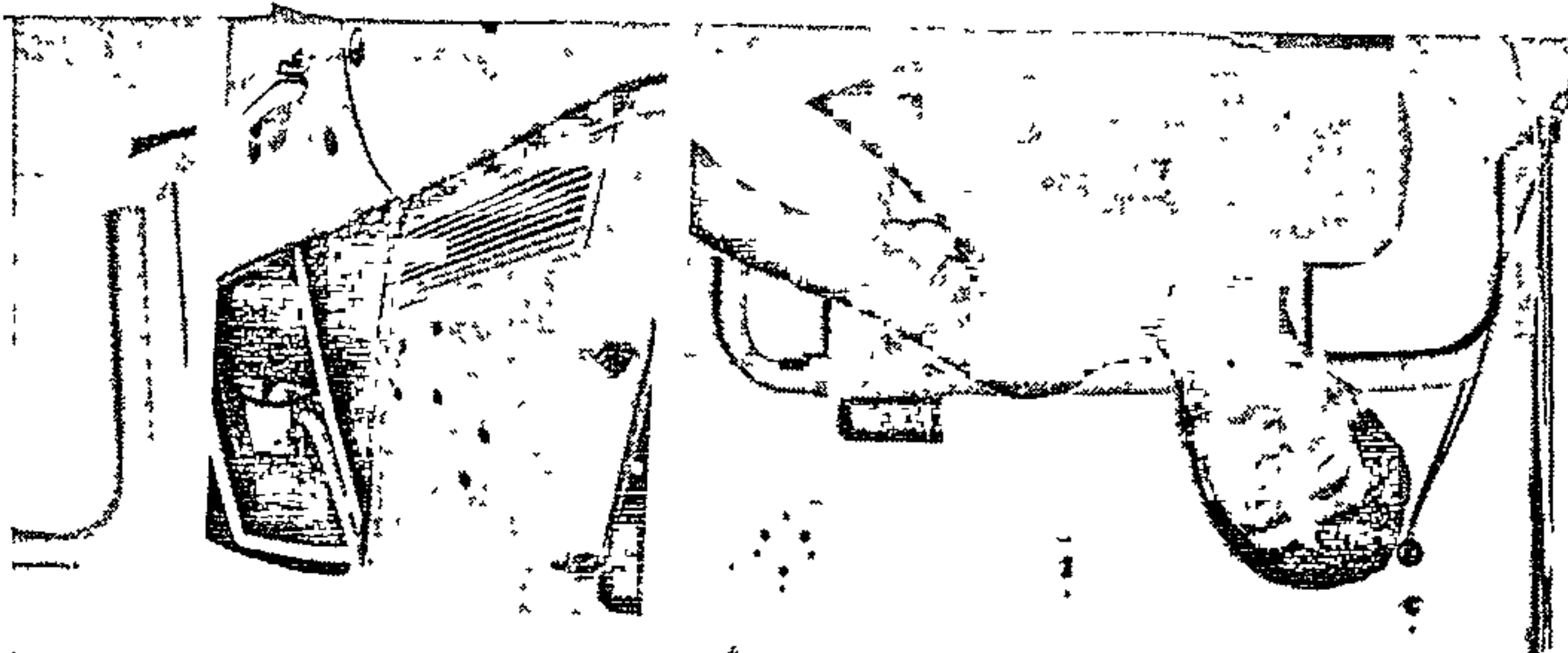
According to the paper workers' union spokesman, the plant's 85 workers approached management on Saturday to request recognition of the union.

Management responded by calling workers together and asking who the union's

leaders in the factory were, the spokesman said. They had not replied, but management then fired 11 workers who identified as union leaders.

On Sunday four night-shift workers, all members of the union steering committee at the plant, were fired, he added, and workers then downed tools.

According to the spokesman, the company is refusing to negotiate with the paper workers' union. Comment from the company could not be obtained yesterday.



'Toktokkie' death
MR CAMPBELL da Preez, of Ferp-
le Glen, Pretoria has pleaded not
guilty to murdering a 13-year-old
boy who played "toktokkie" at his

NEWS
Star Wars II begins
THE STAR wants to become a sev-
en-days-a-week newspaper, even if
it kills another publication in doing
so, says the MD of South African
Associated Newspapers
— PAGE 2

**Factory
fires
striking
workers**

Mercury 4/3/68

Mercury Reporter

MORE than 400 striking workers at Union Flour Mills in Durban who are protesting against the new black taxation, were yesterday dismissed after ignoring repeated pleas by management to return to work

But, a spokesman for the workers said they did not accept their dismissal

'If we are fired then the factory must close down We are not go-

400 Mercury
15/3/84

sacked

186

strikers

hired

again

Mercury Reporter

MORE than 400 workers at Union Flour Mills in Durban, who were dismissed for striking illegally in protest against the new black taxation, have been reinstated, Mr Peter Wrighton, a director of the company, announced yesterday.

The entire workforce was dismissed on Tuesday after ignoring an ultimatum by the management to end their three-day strike and return to work.

Mr Wrighton, who is also deputy managing director of the parent company — Premier Group — told the Mercury yesterday that the company decided to take back the workers following a signed undertaking by the workers' representative that they would abide by certain conditions.

In terms of an agreement reached between the management and representatives of the Baking and Allied Workers' Union yesterday no wages would be paid for the period the workers were on strike.

No guarantee

'Tax will be deducted at the single rate where the company has not been provided with the relevant information Workers will in future agree to work overtime when reasonably requested by management to do so and this will be embodied as an addendum to the recognition agreement

'Workers will in future follow the grievance procedures laid down in such recognition agreement and will not resort to illegal strike action to settle disputes

'The company's management will communicate this agreement directly to the workforce'

Mr Wrighton said in turn the company had undertaken to take back workers without loss of privileges and would try to get a representative from the KwaZulu Government to address the workers but

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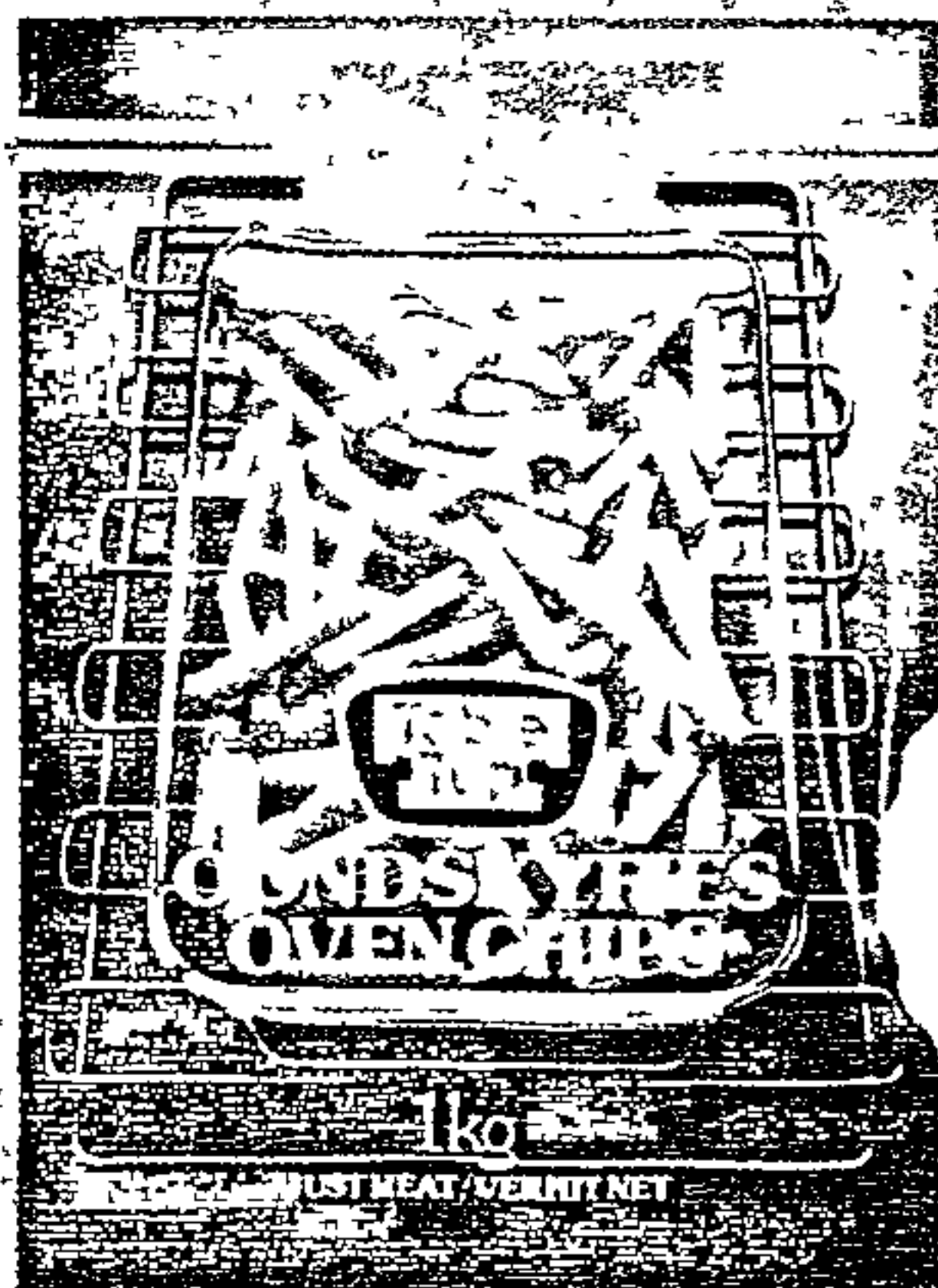
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Table Top
Oven Chips
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2,55



Sea Harvest
Crispy Cutlets
600 g

2,39



and Allied Workers Union yesterday no wages would be paid for the period the workers were on strike.

No guarantee

'Tax will be deducted at the single rate where the company has not been provided with the relevant information. Workers will in future agree to work overtime when reasonably requested by management to do so and this will be embodied as an addendum to the recognition agreement.'

'Workers will in future follow the grievance procedures laid down in such recognition agreement and will not resort to illegal strike action to settle disputes.'

'The company's management will communicate this agreement directly to the workforce.'

Mr Wrighton said in turn the company had undertaken to take back workers without loss of privileges and would try to get a representative from the KwaZulu Government to address the workers but the company could not guarantee this.

He said the workers were dismissed for striking illegally over the deductions made by the company under the new taxation proposals — 'an issue which was outside the company's ability to settle'

Refused

Earlier, workers said they wanted an explanation from KwaZulu because they were already paying tax to the KwaZulu Government.

Each worker paid R5 a year as KwaZulu Special Tax — the receipt for which was stamped in their passbooks.

They also claimed each parent who had a child at school had to pay R20 a child annually for school buildings in addition to the normal yearly school fees.

As the Union Flour Mill workers refused to fill the IRP2 forms for PAYE tax deduction, the company was forced to base deductions from workers' pay as for single persons — a move which meant married persons who would have normally qualified for less taxation were paying more.

This was confirmed by Mr Wrighton.

An employee who is married with four children and earning R83 a week had R5 deducted from his pay towards tax. Calculated over the year he would have paid R240 in tax.

55c

2,55



Table Top
OVEN CHIPS
1kg
JUST HEAT, VERBIT NET



Sea Harvest
Crispy Cutlets
600g
Lightly Crumbed
Sea Harvest
Crispy Cutlets
Boneless Skinless Hake Prime Cuts
Fry 10 minutes * Oven 25 minutes



Yogi Sip
Clover
Yogurt Sip
1L
89c



Table Top
Petit Pois
500g
1,89



Wachmarshof
Camembert
125g



Baumanns
Water Receipts
125g
49c



FIVE ROSES
Quality Tea
250g
1,69



Knorr - Aromat
Table Seasoning
125g
49c



SUNLAND
Pear Flavour
Deodorant Pads 20's
60c



Stretch
Fabric



Slimline
Deodorant
Pads 20's

186

RDM 15/3/84

Flour mill fires 400 strikers

DURBAN — More than 400 striking workers at Union Flour Mills in Durban, protesting against the new black taxation, have been dismissed after ignoring management pleas to return to work.

But a spokesman for the workers said they refused to accept dismissal.

"If we are fired then the factory must close down. We are not going to allow other people to take our jobs. Our problem is not with the company," he said.

He added that workers were prepared to return if a "representative of the KwaZulu Government gives us an explanation for the

new tax, which we are told will be paid to Kwazulu"

Mr Peter Wrighton, deputy managing director of the Premier Group — the parent company based in Johannesburg — confirmed the dismissals.

Meanwhile, the Durban City Council this week instructed its management committee to meet the Durban Transport Management Board (DTMB) "as a matter of urgency" to discuss the dismissal of 156 striking bus drivers.

A delegation met the mayor, Mrs Sybil Hotz, and asked her to intervene in the issue.
— Sapa

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Pay increase on cards for sugar people

N. Mercury Mercury Reporter 27/3/84

THOUSANDS of employees in the sugar industry are likely to receive pay increases from April 1 if current negotiations between employers and the workers are successfully concluded

A spokesman for the C G Smith sugar company yesterday confirmed negotiations were in progress, but declined to divulge any further information at this stage.

The negotiations are taking place at Industrial Council level and are expected to be finalised this week.

Mr Selby Nsibande, general secretary of the National Union of Sugar Manufacturing and Refining Employees — one of the five worker unions attending the pay talks — yesterday confirmed that negotiations had reached an advanced stage. He would not say what percentage increases were being sought.

Last year sugar industry wages were negotiated outside the Industrial Council for the first time — and union members were happy as they felt they had ended up with a better deal because of this.

After more than a month of negotiations wage increases for last year ranged from 13 percent on the lower grades to 7,5 percent on the higher grades.

Pensioners told to quit estate homes

Mercury Reporter

N. Mercury 28/3/84

RETIREED sugar industry employees and their families, living in company houses on sugar estates on the North Coast, have been told to vacate their homes

Some who occupy cottages in Flanders' Estate have been given notice by the grant Tongaat-Hulett group to leave by June 30. A spokesman for the

company said yesterday if was company policy that housing provided for employees be vacated on retirement regardless of position or race of the employees concerned

'This is made clear to employees at the time of their employment Pensioners are given six months notice to leave,' he said
'In this particular case,

many of the pensioners have been retired for some years and to help them we have allowed them to stay in their homes rent free

'However, the position now is that these houses are urgently required to accommodate new workers of the mill,' he said

Most of the affected families interviewed by the Mercury said they had nowhere to go and were hoping for a reprieve until they had found other accommodation

Mr K Chitray, who retired after 34 years service with the company, said he was worried about his family's future as they had been unsuccessful in finding accommodation

'We applied to the Durban City Council for a house in Phoenix, but

were told that our application could not be given priority as there was a big waiting list for houses

'The Department of Community Development was also unable to assist us as we are not victims of the Group Areas Act,' he said

Some of the families have turned to the Verulam Child Welfare Society for help

A spokesman for the society yesterday confirmed that representations were being to the Durban City Council for housing for the 65 families

He said the Tongaat-Hulett Group had given the society an assurance that the families would not be thrown on to the streets if they had failed to find accommodation by the end of June.

Mrs Ysothie Chinnah and Mrs Yarmala Pillay with the notice they received telling them to vacate their homes.



N. Mercury
21/3/84

Deadlock in dispute at sugar company

Mercury Reporter

WAGE negotiations between the C G Smith sugar company and Fosatu's Sweet Food and Allied Workers' Union ended in deadlock yesterday

The Minister of Manpower will now be asked to appoint a conciliation board to settle the dispute which, according to the union, affects about 1 500 workers at three C G Smith Mills at Umzimkulu, Noodsberg and Pongola

Mr Barrie Horlock, the company's personnel director, last night confirmed that the talks had ended in deadlock and said that in regard to Umzimkulu the dispute would have to be referred to the Industrial Council for the Sugar Manufacturing and Refining Industry whose agreement applies to this particular mill

In a statement to the Mercury, he said the dispute arose from union demands for wage increases and other allowances which would have the effect of increasing wage costs by about 72 percent

The company and the sugar industry are in no position to meet this kind of demand. Unfortunately various meetings with the trade union concerned have not been able to bring these demands down to more realistic levels, he added

The union's general secretary, Jay Naidoo, said the union resolved to follow the dispute procedure as laid down in their negotiation agreement with the company which covers the three mills

'Workers are fighting for a living wage because they are being hard-hit by the increase in the general sales tax and in the price of basic foodstuffs such as bread,' he said.

Fatal blasts

PARIS—Explosions shook the headquarters of Zaire's national radio station and the main post office in Kinshasa on Monday, killing one person and injuring five, according to reports reaching Paris yesterday.
— (Sapa-AP)

RSM 29/3/80 (186)

Sugar deadlock crystallises

Labour Correspondent

WAGE negotiations between the major sugar company, C G Smith and Fosatu's Sweet, Food and Allied Workers Union, have deadlocked and the two sides have agreed to ask the Minister of Manpower to appoint a conciliation board to settle the dispute.

The appointment of a board is the first step on the way to a legal strike.

It is understood that the unions' demands and the company's offer are far apart and that there is little immediate chance of a settlement.

The deadlock also comes soon before key talks at the sugar industry's industrial council on an agreement setting minimum wages for the entire industry. These are at a delicate stage and could also end in deadlock.

Employers argue that drought and floods, together with low export prices for sugar, make large increases impossible this year.

SFAWU says workers must be paid a "living wage" because they have been hard-hit by

increases in general sales tax and in the price of basic foodstuffs like bread. It says workers are struggling to buy basic necessities.

The deadlock between SFAWU and C G Smith covers three of the company's mills — at Umzimkulu, Noodsberg and Pongola. According to a union statement, about 1 500 workers are covered by the talks.

The union began the negotiations by demanding a minimum wage of R2 an hour or R400 a month, which Fosatu regards as a minimum "living wage". It also demanded increases in workers' ration and shift allowances and other changes.

It has since modified its demands, but a company spokesman said yesterday that these changes were not significant.

"Their demands range from a 74% rise for the lowest-paid to 32% for semi-skilled workers. The total increase in our wage bill would be 72% and we cannot afford it with the industry in its present state", he said.

Raw deal for mealie millers

mealie millers

By Barry Sergeant

THE expected raw maize price increase of as much as 25% to R234 a ton will have to be passed on by millers to the consumer.

Maize millers have been accused of making huge profits. A spokesman for a large private miller says there are 11 components in the cost of mealie meal before it reaches the consumer. He likens a maize kernel to a beef carcass.

There are different prices for each slice, depending on quality. The best part of a mealie must sell for what appears to be a high price so that an average price to compensate the miller can be achieved.

Animal feed

Like bones and fat on a carcass, 34% of a mealie is sold for next to nothing.

Out of every kilogram of maize that goes into a mill, only 56% by weight ends on the shop shelf as super mealie meal. About 34% is called offal and is used to feed animals. It sells for only 10c a kg because of its low nutritional value. The balance of 10% of a kilogram of the milled mealie is low-value sifted and unsifted meal and waste.

The average return to millers on a kilogram of raw maize after processing and refining is 27c. Packaging for super mealie meal costs 5c a kilogram and transport another 1,5c. Retailers on the Witwatersrand take 4c — an annual take, if the mark-up is applied nationwide, of R130-million on human consumption of 3,5-million tons.

Consumer organisations criticise the mark-up of more

than 130% from the price paid to the farmer for a ton of raw maize to the cost in the shop.

But millers protest that they gross less than 6c on each kilogram of refined mealie meal. The main component is milling costs, based on the average at the 20 largest mills in SA. There is a minimal cut for return on working costs, and an even smaller compensation for capital costs.

Working capital costs are based on the prime bank rate of 21%. The return is given to millers to bridge a four-month gap between buying raw maize and payment by retailers. Millers are forced to pay the Maize Board cash, but have to wait months for retailers to settle.

A National Maize Producers Organisation study found that farmers receive only 20% to 25% of the consumer price of mealie meal. It has called for an investigation of the role of the middleman in the maize industry.

Roger du Toit, of the Maize Millers Association, says "Price control in the industry was abolished three years ago. But millers voluntarily continue to apply the formula used by the National Marketing Council for costing. This allows for a 15% return on the historical cost of capital."

Historic

A spokesman for the milling industry says "The replacement cost of mills in South Africa is about R800-million. But the historic written-down cost on which the return on capital is based is only R75-million."

"This may explain why there has been no entrant to the maize-milling industry for the past 15 to 20 years."

The wheat-milling indus-

try has not had an entrant since the Second World War.

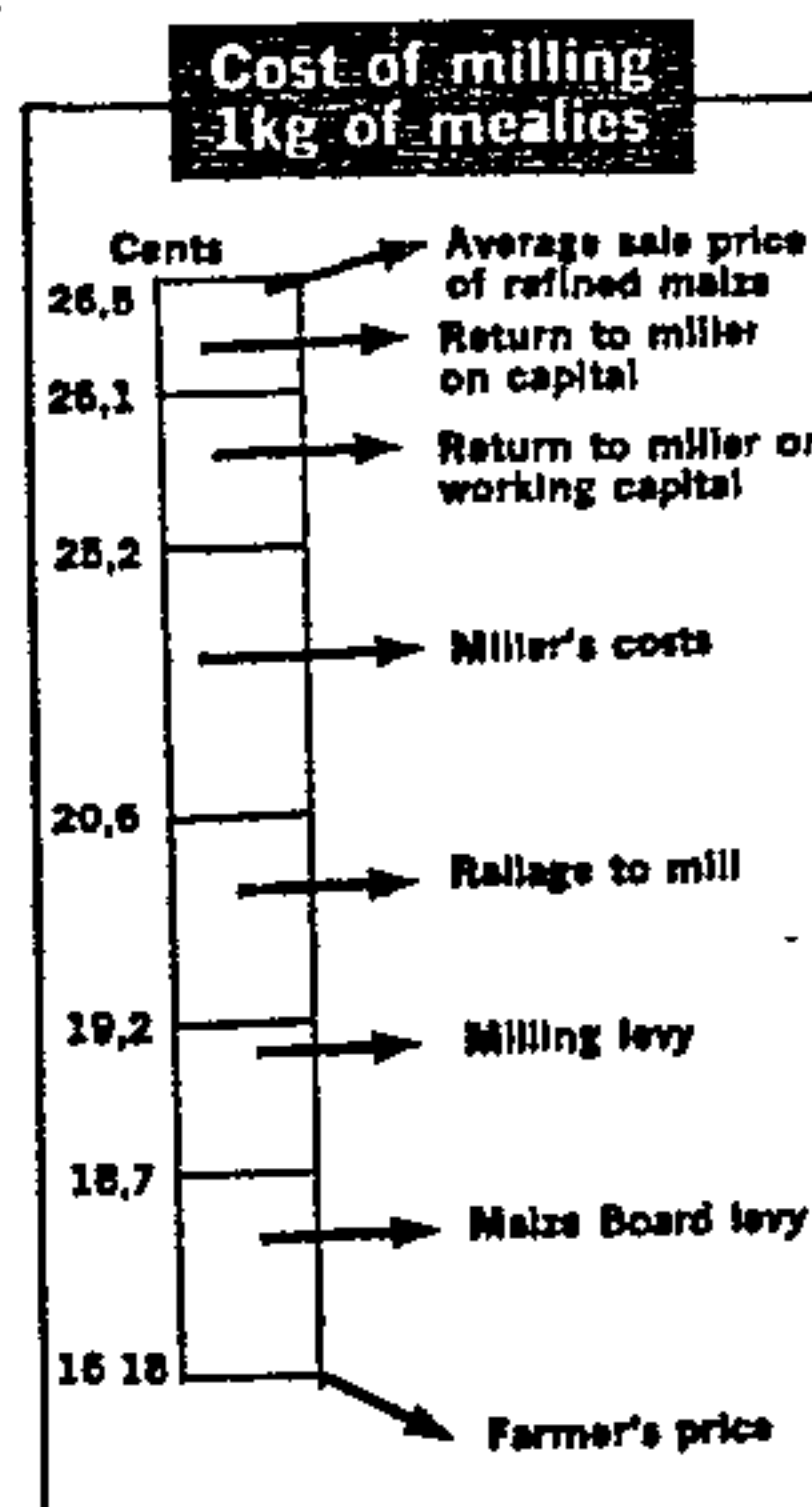
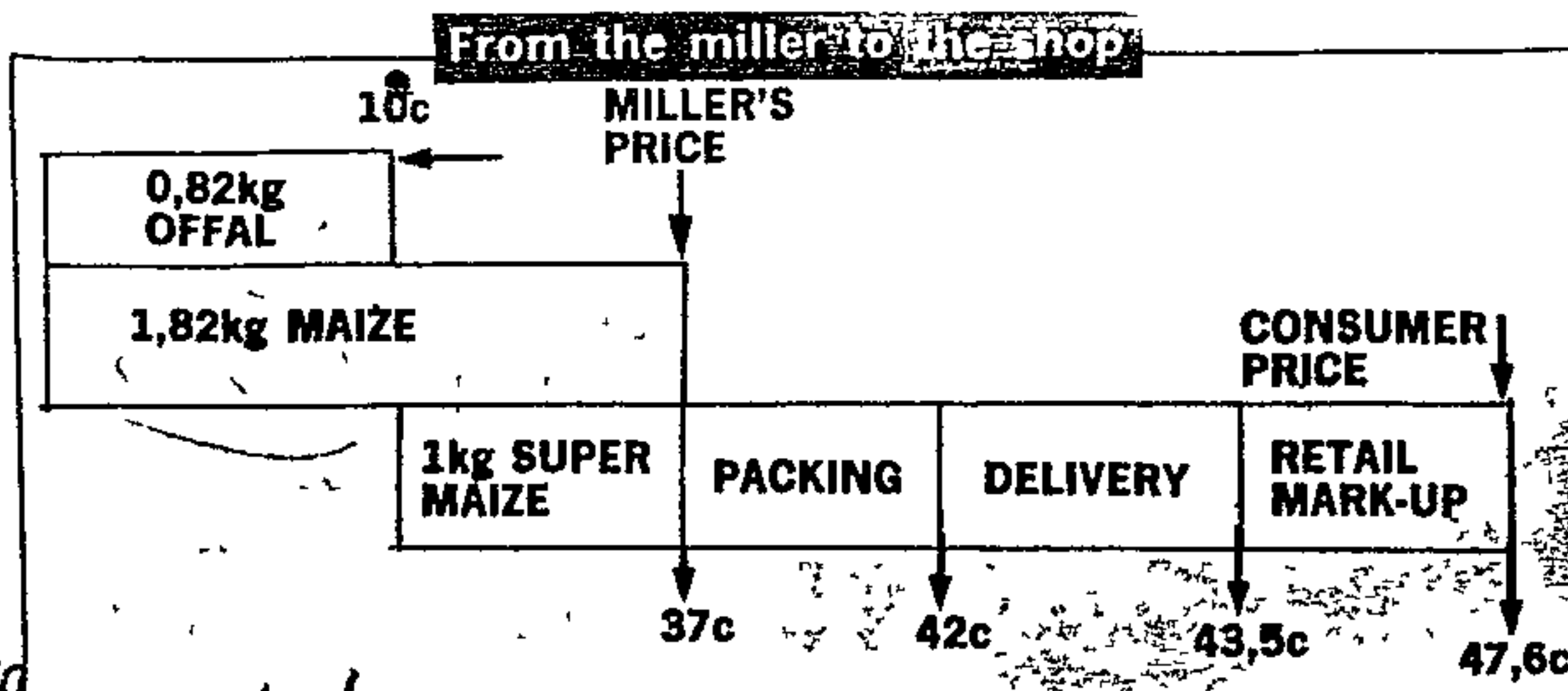
A grain analyst told Business Times that an entrant to wheat milling would find that even if full capacity were achieved the day of commissioning, it would be impossible to make a profit.

Hennie Nel, general manager of the Maize Board, which grants maize milling licences, says 274 mills were registered at the end of February.

The trend in the milling industry has been towards bigger mills buying out the small — "a trend which is discernible throughout commerce and industry."

In the future, the present three tiers of millers will remain — big, medium and small, says Mr Nel.

Most of the small and family-owned mills have disappeared in the past 20 years.



They have been forced to sell because of high costs and low returns. Only the large companies — Premier, Tongaat, Tiger, Fedfoods and the co-operatives — can remain in the industry because of their high volumes.

Brain-picking spies

Special Correspondent
New York

THE age-old problem of industrial espionage has resurfaced with an interesting twist.

Instead of cloak-and-dagger thefts, some firms are turning to face-to-face interviews with unwary or disaffected personnel to dig up secrets — all under the guise of executive recruiting. Firms have long been known to hire employees from competitors to gain inside knowledge.

"People not only bring their bodies into a company — they bring their brains," says William C Bond of Pinkerton's, the large US security firm.

But lately it has been common for some companies to conduct spurious candidate searches — either on their own or using a like-minded

executive recruiter — with the sole aim of dredging up secrets.

In one instance, says Mr Bond, a bank that hoped to enter the insurance field interviewed a score of executives from insurance firms — not with the intention of hiring them, but to gain knowledge of the industry.

Firms involved in everything from pharmaceuticals to microchips have lost through this back-door tactic. Even above-board recruiting firms have found themselves manipulated by spying companies.

Among the tell-tale signs are requests to interview candidates from a small group of companies, or asking to interview a series of candidates who do not have the skills for the ostensible job.

Earn while you learn by representing Financial

MINING

The Sunday Times will publish three Regional Surveys on "Mining and Corrosion" during 1984.

The Financial Press covers the financial aspects of the mining industry more than adequately and so our surveys



'D-day' for ^{N. Mercury} ^{2/4/84} ¹⁸⁶ ¹⁵² ~~2/4~~ ~~186~~ ~~152~~ sugar workers

Mercury Reporter

PAY talks between representatives of Natal sugar producers and workers' unions are set to enter a crucial stage today in what has been described as 'a make or break day for thousands of workers in the sugar industry

If the negotiations — over an agreement setting minimum wages for the entire industry — which are being conducted at Industrial Council level were successful workers could be receiving more pay from April 1

A spokesman for the Industrial Council for the Sugar Manufacturing and Refining Industry confirmed at the weekend that the council would be meeting today to continue wage negotiations

The country's major sugar producers were represented at the talks by the Sugar Manufacturing and Refining Employers' Association and the workers by six unions

These are the Amalgamated Engineering Union, Natal Sugar Industry Employees Union,

Sugar Industry Employees Union, South African Electrical Workers Association, National Union of Sugar Manufacturing and Refining Employees and the South African Boilermakers, Iron and Steelworkers, Shipbuilders and Welders Society

Meanwhile, workers at Tongaat Milling, manufacturers of maize meal, have declared a dispute with the company over pay after a breakdown in negotiations

Mr Selby Nsibandé, general secretary of the National Union of Sugar Manufacturing and Refining Employees, said at the weekend that the union's negotiations with the management had ended in deadlock

'We asked for an across-the-board rise of 30 percent for the 600 workers, but the company was prepared to offer only 11 percent which we rejected as an insult,' he said

He said after the 'initial protest is demonstrated publicly', the union would ask the Minister of Manpower either to appoint a conciliation board or a mediator to settle the dispute

'We have not yet decided whether to settle for a conciliation board or a mediator to hear the dispute,' he added

Deadlock on sugar wages

By STEVEN FRIEDMAN
Labour Correspondent

OFFICIAL wage negotiations in the sugar industry have deadlocked after unions on the industry's industrial council rejected an employer offer 8% lower than union demands

The deadlock means that the council will meet twice — today and next Friday — in an attempt to settle the dispute.

If the two sides fail to reach a settlement, unions could launch a legal strike. But both sides could refer the dispute to mediation or arbitration

The deadlock — at a council meeting on Monday — follows the declaration of a dispute between Fosatu's Sweet, Food and Allied Workers Union and key sugar company C G Smith, also over wages. The union bargains directly with the company.

Sugar employers currently say the industry's ability to pay increases has been sharply reduced by the drought, floods, and low export prices for sugar

Negotiations began with unions demanding a 30% increase in the minimum wage and employers offering 11%. The unions then scaled down their demands to 18% and employers responded by offering 10%, the Mail's Durban correspondent reports

Root 4/4/84

Root

18%

11%

30%

186

Fosatu gets big boost in biscuit industry

By STEVEN FRIEDMAN
Labour Correspondent

ATTEMPTS by the Sweet, Food and Allied Workers Union, a Federation of SA Trade Unions affiliate, to establish a hold in the biscuit industry received a major boost yesterday when the union signed a recognition agreement with Baker's Biscuits, by far the industry's biggest employer

The industry has been the preserve of a Trade Union Council of SA union, the National Union of Operative Biscuit Makers and Packers, but SFAWU says the agreement shows it is making key gains at the Tucsa union's expense

Despite the agreement — which took two years to negotiate — SFAWU and Bakers remain at odds over the union's demand that it be allowed to negotiate wages directly with the company

Bakers wants wages to be negotiated at the industry's industrial council, to which SFAWU does not belong

A union statement yesterday said SFAWU had made "a major breakthrough" by signing a "comprehensive" agreement at Bakers' Westmead, Durban, plant

It said the agreement covered about 700 workers and covered recognition of union shop stewards as well as other issues

SFAWU added that it also had two preliminary agreements with plants owned by Bakers' in Durban, a milling plant and a bread and cake factory

Bakers' owns an estimated 90% of the biscuit industry

A union spokesman described the agreement as a "major breakthrough" and said workers had "won the right to belong to a true union which represents their real interests"

SFAWU's general secretary, Mr Jay Naidoo, said yesterday that most workers had resigned from the Tucsa union to join SFAWU

He added that the union was considering joining the

industrial council, but demanded the right to negotiate directly with Bakers even if it did

The company was against this and the issue would be discussed further, he said

This was confirmed by a Baker's spokesman who said the company had asked the union to join the council

The agreement was "silent on the wage issue" because Bakers' had not conceded the union's right to bargain on pay directly.

"There are numerous small firms in this industry making the same products as us and we believe wages negotiated with the union should apply to them too

For this reason, we favour industry-wide negotiations," he said

He said he did not believe this would become a source of conflict between the company and union

"We differ, but so far negotiations have been fair and reasonable and should remain so," he said

Union (SFAWU) has already declared a dispute with employers C G Smith Negotiations at Industrial Council (IC) level with a number of other unions go into their third and final round of talks on Friday.

"If we don't reach agreement," says Barrie Horlock, vice-chairman of the employers' association, "we could have another dispute on our hands."

Horlock says that in terms of an agreement struck last year, C G Smith is negotiating directly with SFAWU over wages at three mills where the union has majority representation This union is not a party to the IC wage talks

At the same time, the company and other employers in the industry are negotiating at IC level, principally with the National Union of Sugar Manufacturing and Refining Employees (NUSMRE) and a host of smaller unions in the engineering, electrical and boilermaking sectors These talks are believed to be close to deadlock.

In the case of SFAWU the union is said to be holding out for a minimum wage of around R376 a month — including a feeding allowance. According to Horlock this represents an increase of 50% at the labourer level — although less at skilled levels. The company's top offer is a 10,5% overall increase. "As you can see we are poles apart," says Horlock, who is also C G Smith's personnel director.

Official wage negotiations through the IC have run into similar obstacles. Employers are offering wage increases of the same order but unions, in particular the NUSMRE, are demanding substantially higher increases.

Exemptions

Having wage talks at two levels has further complications Some of the mills where the SFAWU is representative are also covered by the IC agreement. This means that exemptions are needed for wage deals struck outside the IC.

Though talks have been "tough on both sides," Horlock is optimistic that the differences can be overcome He notes that similar difficulties were overcome last year.

A promising indicator is that members of the Fosatu Chemical Workers Industrial Union at the Smithchem factory, which adjoins the Sezela sugar mill, this week settled for an average increase of 10,5%. "That might inject some realism into discussions," hopes Horlock

Employers maintain that because of the poor financial position of the sugar industry, they cannot afford to go beyond their current offer.

Says Horlock. "We cannot compete with the automotive industry which is paying such high rates What employees must understand is that, at least in the short term, the sugar industry is not going to be the most lucrative place to work."

The industry has been badly affected by both droughts and floods and has a weak international market

SUGAR INDUSTRY Tough wage talks

Wage talks in the sugar industry are making heavy weather One union, the Fosatu-affiliated Sweet, Food and Allied Workers

RDM 14/4/84

Court order restrains shop stewards

186

By STEVEN FRIEDMAN
Labour Correspondent

THE Natal Supreme Court has granted the major sugar company C G Smith a temporary interdict barring 13 shop stewards of the Sweet, Food and Allied Workers Union from preventing it employing a worker at its Noodsberg mill.

The interdict was granted late on Thursday by Mr Justice Shearer in chambers after C G Smith brought an

urgent application for an order restraining the union and the stewards from "threatening, intimidating or assaulting" the worker, Mr J Khumalo, or any other workers who did not belong to the union

The company also asked for an order requiring the union and stewards to "use their best endeavours" to ensure union members did likewise

The union is recognised by the com-

pany at the mill and says 90% of workers there belong to it

The company's application follows an incident in which workers alleged that Mr Khumalo, who does not belong to the union, had assaulted a union member

They demanded his dismissal but the company decided against firing him

About 150 workers allegedly grabbed Mr Khumalo and attempted to expel him from the mill

Sugar giant seeks order on employee

By Barney Mthomboti

THE giant C G Smith Sugar Company this week took the unusual step of applying for an urgent court interdict restraining shop stewards of a trade union it recognises from preventing the re-employment of a worker at one of its mills

Mr Justice Shearer, acting in chambers, granted an interim interdict preventing the Sweet Food and Allied Workers' Union and 13 of its shop stewards at the company's Noodsberg mill in the Natal Midlands from threatening, intimidating or interfering with the

employment of a worker, Mr J Khumalo.

Company personnel director Barrie Horlock claimed later in a statement that the shop stewards had on Wednesday demanded that the general manager of the mill, Cliff Wardle, explain to a mass meeting of employees why he had not supported the dismissal of Mr Khumalo, a non-union member.

The workers, Mr Horlock said, subsequently advised a company official they did not wish to see Mr Khumalo at work until Mr Wardle had addressed them

Mr Horlock said on Thursday morning Mr

Khumalo was physically seized by two employees and "manhandled to the factory gates accompanied by a shouting, singing mob of approximately 150 factory workers"

SFAWU general secretary Jay Naidoo emphatically denied all allegations contained in the statement and said his union would contest the application on May 18

Mr Naidoo said the conflict began when a non-union member was sacked after an assault on a union member. The man was reinstated

He said workers interpreted this as an attempt by the company to protect non-union members



SOWETAN, Wednesday, April 18, 1984.

1 000 go on strike

MORE than 1 000 workers at three companies went on strike over wages and the dismissal of colleagues in Johannesburg and Durban yesterday.

About 500 workers at Farmfare, Wynberg, went on strike over the dismissal of 31 colleagues, 300 workers at Cable Tops in Olifantsfontein downed tools over wages and 400 workers at Mond Paper in Felixto near Durban struck over a clock-card

BY
**JOSHUA
RABOROKO**

A shop steward of the Sweet, Fruit Workers' Union said 31 colleagues were dismissed following their attempts to get management to recognise the union. Management preferred talking to the liaison committee rather than union shop stewards.

Mr van der Merwe,

manager of the company, said "We are not talking to the Press on the issue. We are busy with managerial work. No comment."

A Food, Beverage Workers' Union spokesman said that the workers at Cable Top asked for a R20 wage increase and the transfer of a supervisor who used abusive language. Management said it was not prepared to comment at this stage.

A spokesman for Pwawu said that work-

ers at Felixton went on strike because they were dissatisfied with the clocking system and various "frustrating methods" introduced by management recently.

The strike has no links with wage negotiations at four other Mond paper plants.

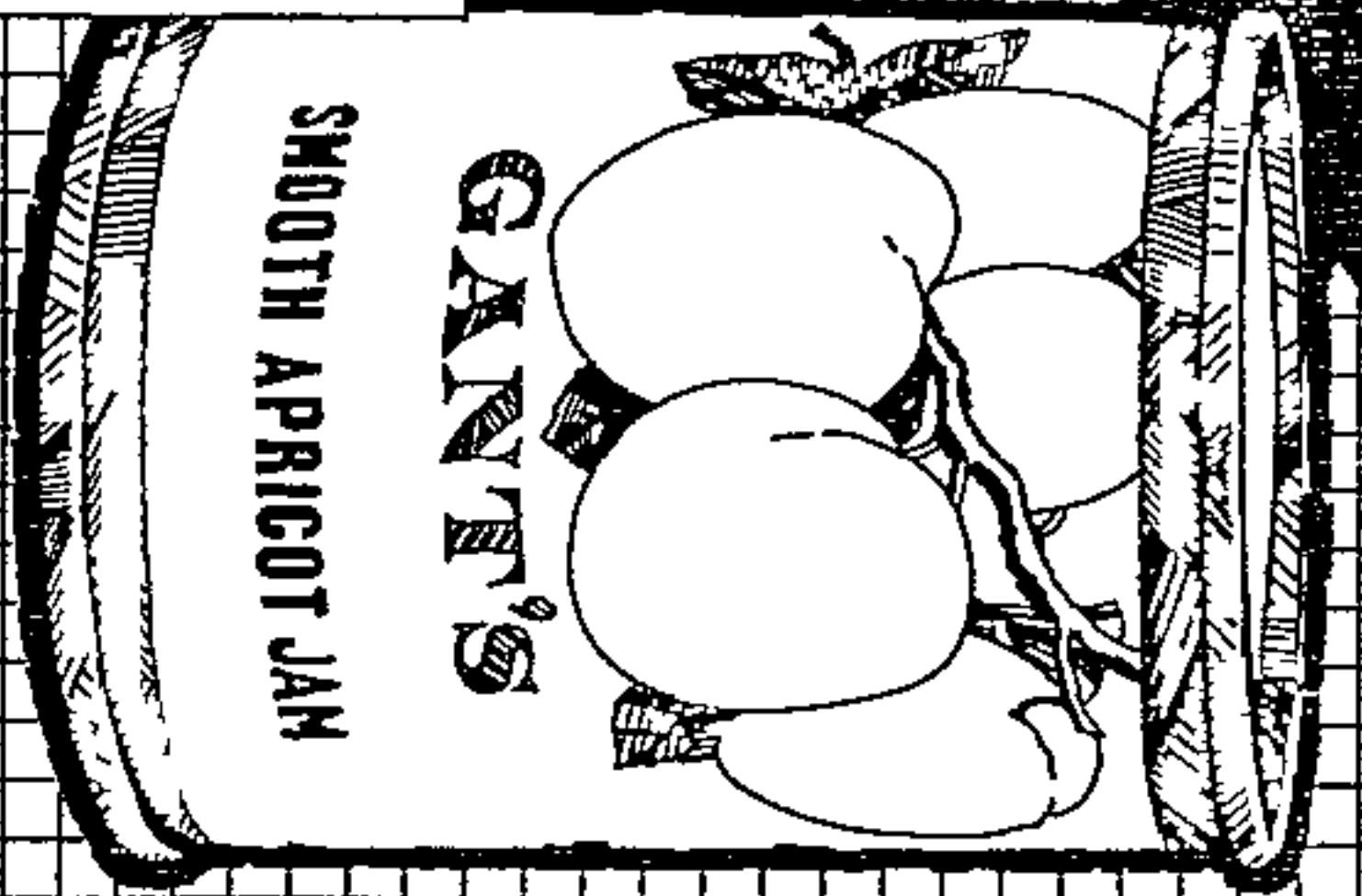
A company PRO denied that there was a strike at the plant.

A trade unionist confirmed that Pwawu would meet Mond Paper today in a final at-

tempt to settle a dispute. They would discuss a company plan to bargain with the union directly — but only if the union belonged to the industrial council.

Pwawu has previously rejected the conditions of negotiating at the industrial council level and has since declared disputes with the company — the refusal to bargain wages directly outside the IC and demands for a R3-an-hour minimum wage.

OK
DEEP CUTS
and keeps them low!



Gants
Guava Halves
55c

Gants
Smooth Apricot
Jam
First Grade
900 g
119

Helderberg
Fresh Garden

Pot O'Gold
Light Meat
Tuna 200 g
89c

Pot O'Gold
Pork Shoulder
450 g
165

Baumann's
Tennis Biscuits
200 g
65c

Beacon Slab
Chocolates
211 Vervaeke 100 g.
45c

NM

Thursday, April 19, 1984

Deadlock in sugar industry

Mercury Reporter

NEGOTIATIONS between sugar industry employers and six employees' unions for a new industrial council agreement and increased wages which would apply to all but two of the sugar mills in Natal are deadlocked

But representatives of both camps have agreed to meet again on April 27 and the Sugar Manufacturers' and Refiners' Employers' Association has decided to implement its final offer to unions as a gesture of good faith

This offer includes an increase in minimum wages of 10 percent and not less than 8 percent on personal wage rates and other matters concerning work con-

ditions

The six unions involved in negotiations were the Amalgamated Engineering Union, the South African Boilermakers' Society, the Electrical Workers' Association, the Natal Sugar Industry Employers' Union, the Sugar Industry Employers' Association and the National Union of Sugar Manufacturing, Refining and Allied Employees

Vice-chairman of the employers' association, Mr Barrie Horlock, said negotiations had been going on some time for the new agreement which was due to come into operation on April 1

'All our offers were rejected and because of the proximity of April pay days we decided to implement our final offer,' he said

Mr Horlock said this action was not without its risks but he hoped it would contribute to maintaining industrial peace while the issues remained unresolved, as the industry could not operate indefinitely without an industrial council agreement.

But Mr André Britz, provincial secretary of the Amalgamated Engineering Union, said the employers' decision to implement their final offer would not bedevil further negotiations on the subject.

Increase

'We asked for an 18 percent increase in minimum wage rates and 12 percent in personal wage rates and other things as far as conditions were concerned

'Considerable progress had been made and the unions withdrew a number of proposals of little consequence but we could not make progress on wages,' he said

'We failed at our last meeting to agree whether to settle on arbitration or mediation but have agreed to meet again on April 27,' he said

'The employer's implementation of their final offer will not negatively affect future talks and the Amalgamated Engineering Union will use every legal means to bring the matter to a satisfactory conclusion,' he said

RPM 19/4/84 (186) (145A) (246)

Employers to implement their own sugar pay offer

By STEVEN FRIEDMAN
Labour Correspondent

TALKS aimed at settling a pay dispute between unions and employers in the sugar industry have deadlocked and employers have decided to implement their pay offer to workers unilaterally.

This follows several meetings aimed at settling the dispute, which follows an earlier pay deadlock at the industry's industrial council. Negotiations at the council set pay for all but two sugar mills.

Unions have now asked employers for a fresh negotiating meeting on April 27 and a union spokesman, Mr Andre Brits, said yesterday he was confident the dispute could be settled.

The deadlock arose when unions rejected an employer offer to raise the minimum pay rates in the council agreement by 10% and actual pay rates by at least 8%. They want the minimum raised by 18% and actual pay raised by at least 12%, and declared a dispute with employers.

Earlier, pay talks between Fosatu's Sweet, Food and Allied Workers Union and major sugar company CG Smith, which take place separately under the ambit of the industrial council, also deadlocked.

Several meetings have been held to break the deadlock at the council. The last of these was held on Monday and failed to produce a settlement.

The meeting was adjourned without a date

for new talks being set.

According to Mr Brits, the council's machinery allows disputes to be settled by mediation or arbitration if both sides agree, but employers rejected arbitration and unions rejected mediation.

In a statement, Mr Barrie Horlock, vice-chairman of the industry's employer association, said attempts to break the deadlock also included a private meeting, at the union's request, between them and the managing director of the industry's two largest employers, CG Smith and Huletts.

The industry's industrial agreement had expired on April 1.

As a result, he said, employers had decided to implement their final offer and pay workers the minimum 8% increase "as a gesture of good faith".

Employers were also implementing a washing allowance for workers and various other changes, Mr Horlock said.

He conceded that this action was "not without its risks" but said he hoped it would contribute to "maintaining industrial peace". The industry could not operate indefinitely without an industrial agreement.

Mr Horlock said the request by unions for a further meeting was "an encouraging sign" but employers would nevertheless implement their offer.

Mr Brits said unions had told members it was up to them whether to accept the employer decision to implement their offer, but they should not concede their wage claims.

Deadlock

186
in sugar
industry

wage
talks

19/4/84
By Carolyn Dempster,
Labour Reporter

Official wage negotiations covering some 11 000 workers in the sugar industry reached deadlock in Durban this week after unions rejected the final offer made by employers.

The deadlock came after weeks of negotiations and after a private meeting between two major sugar employers and unions had failed.

The new Industrial Council agreement was due to be implemented on April 1.

In a statement released yesterday, Mr Barry Horlock, vice-chairman of the employers' association, said in view of the fast-approaching April pay day, employers had decided to implement their final offer despite the deadlock.

"Within the next 48 hours employees throughout the mills will be advised of this decision," he said.

OFFER

The offer amounts to an increase in minimum wages of 10 per cent, and not less than eight per cent on current rates, the introduction of a washing allowance; the introduction of weekly, fortnightly or monthly pay to be negotiated at each mill only for members of the National Union of Sugar Manufacturing, Refining and Allied Employees, and recognition of June 1 as a public holiday this year.

Mr Horlock said he hoped the move would maintain industrial peace, but it was not without risks as the industry could not operate indefinitely without an agreement.

The unions have called for another meeting under the auspices of the Industrial Council on April 27.

Union rivalry in Springs settled after secret ballot

~~186~~ ~~190A~~ ~~197~~
Star 19/4/84

By Carolyn Dempster, Labour Reporter

Months of intense inter-union rivalry at the Irvin and Johnson plant in Springs ended yesterday when a secret ballot revealed majority support for the Sweet, Food and Allied Workers' Union

The union, affiliated to the Federation of South African Trade Unions, has been battling the Cusa-affiliated Food and Beverage Workers' Union for more than six months in a bid for support from the 652 factory workers

As a result of the rivalry, the management of Irvin and Johnson and officials of both unions decided to hold a ballot to assess union support

All parties agreed that a negotiated agreement would be signed once the union with majority support submitted signed stop orders indicating majority paid-up membership

A joint statement was released yesterday by Irvin and Johnson's group industrial relations manager, Mr Trevor Brodrick, and the national president of SFAWU, Mrs Chris Dlamini, announcing the ballot indicated 33,74 percent support for FBWU and 51,53 percent support for SFAWU

SFAWU then submitted stop orders indicating a majority membership

"Both procedural and substantive agreements will now be negotiated between Irvin and Johnson and SFAWU. In the interim SFAWU shop stewards have been formally recognised by management," read the statement

ROOM 19/4/84 (186) (136)

Fosatu wins secret ballot

Labour Correspondent

A LENGTHY recruiting battle between food unions affiliated to the Federation of SA Trade Unions and Council of Unions of SA at Irvine and Johnson's Springs plant has been settled in favour of the Fosatu union.

A joint statement yesterday by I & J's group industrial relations manager, Mr Trevor Broderick and the president of Fosatu's Sweet, Food and Allied Workers Union, Mr Chris Dlamini, announced that the Fosatu union had won a secret ballot among workers.

In the ballot, workers were asked to choose between it and Cusa's Food, Beverage Workers Union, which once represented a worker majority at the plant and was recognised by the company there.

I & J is now negotiating a

recognition agreement with the Fosatu union.

Its agreement with the Cusa union has lapsed and, as of yesterday, the union will no longer have dues deducted by the company on its behalf.

The Springs plant battle began last year when Cusa accused Fosatu of seeking to recruit members there.

I & J asked both unions to produce "stop order forms" in which workers agreed to have union dues deducted on their behalf in order to test the two unions' membership.

The Cusa union produced the bigger list, but the Fosatu union challenged this and said a secret ballot would be a better test of union support.

Yesterday's statement said that as a result of "long-standing inter-union rivalry" at the plant, I & J and the two unions had agreed to hold the ballot "in order to assess the

relative support of the two unions".

It said all parties had agreed "that a negotiated agreement would be signed once the union with majority support submitted signed stop orders indicating majority paid-up membership".

In the ballot, it said, 51,53% of workers voted for the Fosatu union and 33,74% for the Cusa union.

Following this "the company and the Sweet, Food and Allied Workers Union verified a 52% membership of SFAWU from signed stop orders".

"Both procedural and substantive agreements will now be negotiated between I & J and SFAWU and in the interim SFAWU shop stewards have been formally recognised," the statement said.

KWZ 20/4/84

Wages row at KwaZulu firm

Labour Correspondent

IN THE first move of its kind, the Sweet, Food and Allied Workers' Union (SFAWU) — affiliated to the Federation of SA Trade Unions — has declared a formal wage dispute with Imbali Brewery, a company owned by the KwaZulu Development Corporation (KDC)

This is the first time a union has used machinery in labour law to declare a dispute with a company owned by a "homeland" development corporation

Worker rights embodied in labour law do not apply in the "homelands"

Declaring a dispute gives workers the right to strike legally or use the industrial court if the dispute is not settled

The union said in a statement yesterday it had been able to declare a dispute with the company because, although it was owned by the KDC, Imbali, the town where it is sited, is not part of KwaZulu.

It said workers were demanding a minimum wage of R300 a month and had rejected a company offer which would set the starting wage at R180

Meanwhile, the union's general secretary, Mr Jay Naidoo, also announced yesterday that the SFAWU had declared a wage dispute with Tongaat Milng at its Estcourt plant.

He said the SFAWU was demanding a "living wage" of R376 a month. Workers had rejected a company offer to raise the present minimum of R195 by 12,8%

18c FM 20/4/84
10/11/72

LABOUR Sugar unions clash

Two unions are locked in battle for pre-eminence in Natal's sugar industry. They are the Fosatu-affiliated Sweet, Food and Allied Workers' Union (SFAWU) and the non-aligned National Union of Sugar Manufacturing and Refining Employees (NUMRE).

As the first black union to be established in the industry, NUMRE seems to be in the dominant position. But the Fosatu union is challenging whether it is really representative.

So far, three mills in the C G Smith group have fallen to the SFAWU camp and others are under serious assault. NUMRE's main power base is in the mills owned by the industry's other major employer, the Tongaat Hulett group, but there, too, it is being challenged by SFAWU.

Targets

According to SFAWU general secretary Jay Naidoo, his union is targeting several mills and refining complexes for takeover. "By the end of the year, a substantial portion of employees should be represented by us," he predicts.

So far, SFAWU's penetration of the industry has been relatively trouble-free. Unlike its Fosatu counterpart, the National

Union of Textile Workers, whose push for recognition at the Frame Group textile factories has been frustrated at almost every turn, the sugar industry employers have been even-handed in dealing with the rival unions. A spokesman for the employers' association says current policy is to grant recognition to any union which can prove it is representative.

Naidoo reckons Fosatu's standing in Natal has helped rally workers behind his union. He adds that NUMRE's beginnings as an offshoot of the industry's original works committees undermine its credibil-

ity. Though its attitudes have changed markedly since the early days, there are those who charge that it is too close to the employers.

Nonetheless, SFAWU seems a long way from winning its war. The NUMRE is fighting hard. It has strong support in Kwa-Zulu and is spreading its activities into other industries, such as steel, milling and confectionery — in some of which it is again clashing with SFAWU. "The battle," says one observer, "is clearly far from over."

Several of the SADCC partners stand to benefit materially from cheaper access to the Mozambique ports and, in Zimbabwe's case, uninterrupted oil flows through the Beira-Feruka pipeline. But a stronger and economically healthier Mozambique might also prove to be a tougher bargaining partner in rail rate and pipeline negotiations.

Ultimately, the SADCC partners and their Western aid donors must decide whether they want the subcontinent to evolve along economically rational lines rather than on the assumption that, for the fore-

seeable future southern Africa will be split into two opposing armed camps. In other words, Nkomati and any similar subsequent agreements could be complementary to rather than competitive with, SADCC.

Equally, SA and those Western countries that wish to see southern Africa develop along free-market, capitalist lines, fuelled not by syndicated bank loans that are the primrose path to debt rescheduling, but by private foreign investment bringing with it technology and know-how as well as finance, are also faced with a choice. They can either capitalise on the opportunity af-

forded by Nkomati to show that the free market economy, bolstered by foreign capital, can do more for the people not only in Mozambique but elsewhere in the region than state socialism, or they can sit back and enjoy the short-term benefits of the non-aggression pact alone.

This latter strategy would be overwhelmingly shortsighted, since there are now at least the glimmerings of an opportunity to win the economic war against poverty and underdevelopment by adopting a policy of constructive economic participation in neighbouring countries.

SUGAR INDUSTRY

Facing up to the crunch

All that is sugar is not sweet, as many a farmer from Natal will tell you. In fact, despite rains and a normal crop this year, the sugar industry is in for some rather bitter pills in the months ahead. Not least among them is a growing — although perhaps belated — recognition of the need to reassess its own cost efficiency.

Like all enterprises that have their destinies rooted in the soil, some of the problems sugar men face are beyond their immediate control. Typical are the drought, softening export markets and the rising cost of farm inputs.

But the sugar industry's problems could be more intractable than those, for in-

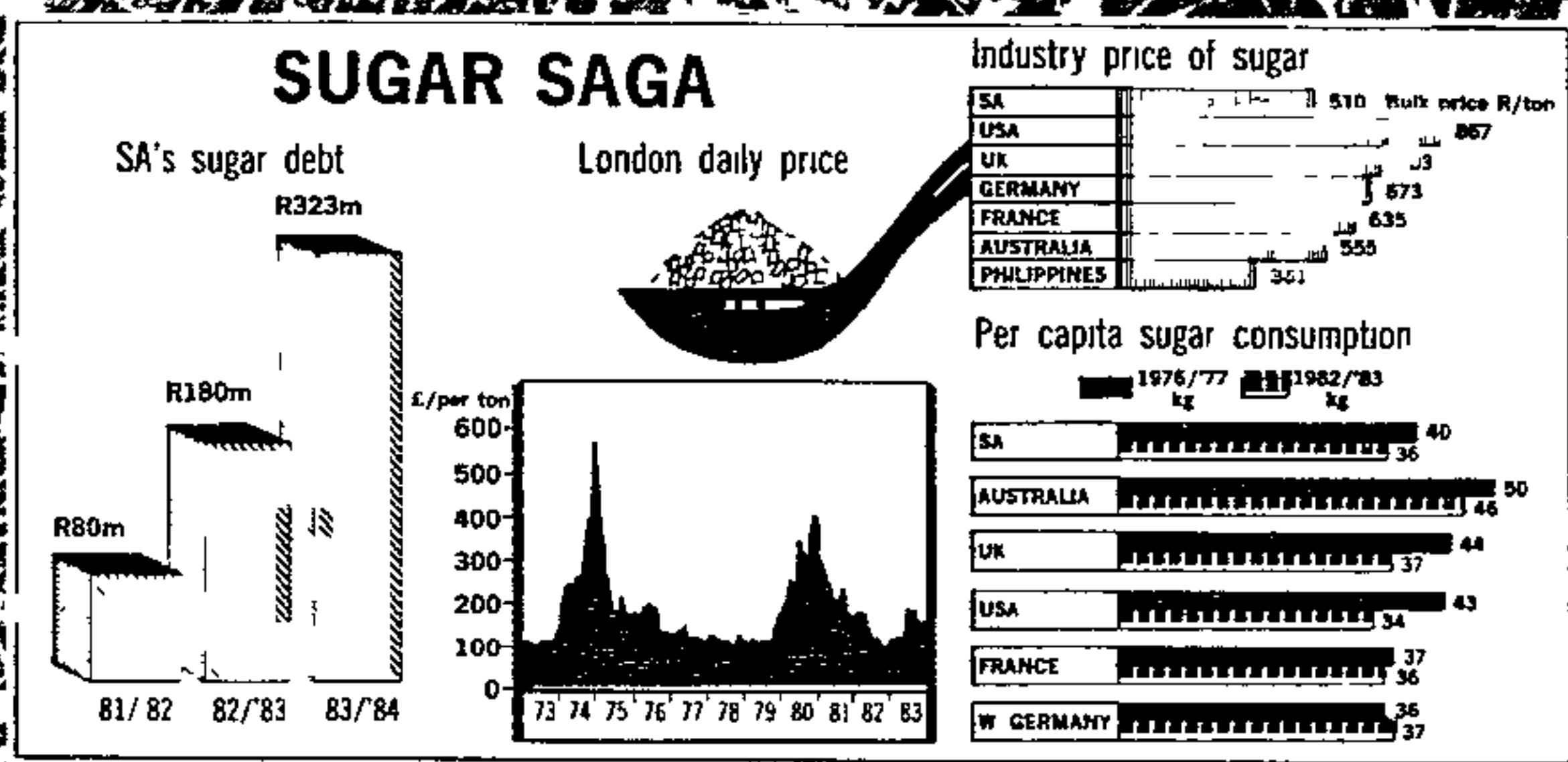
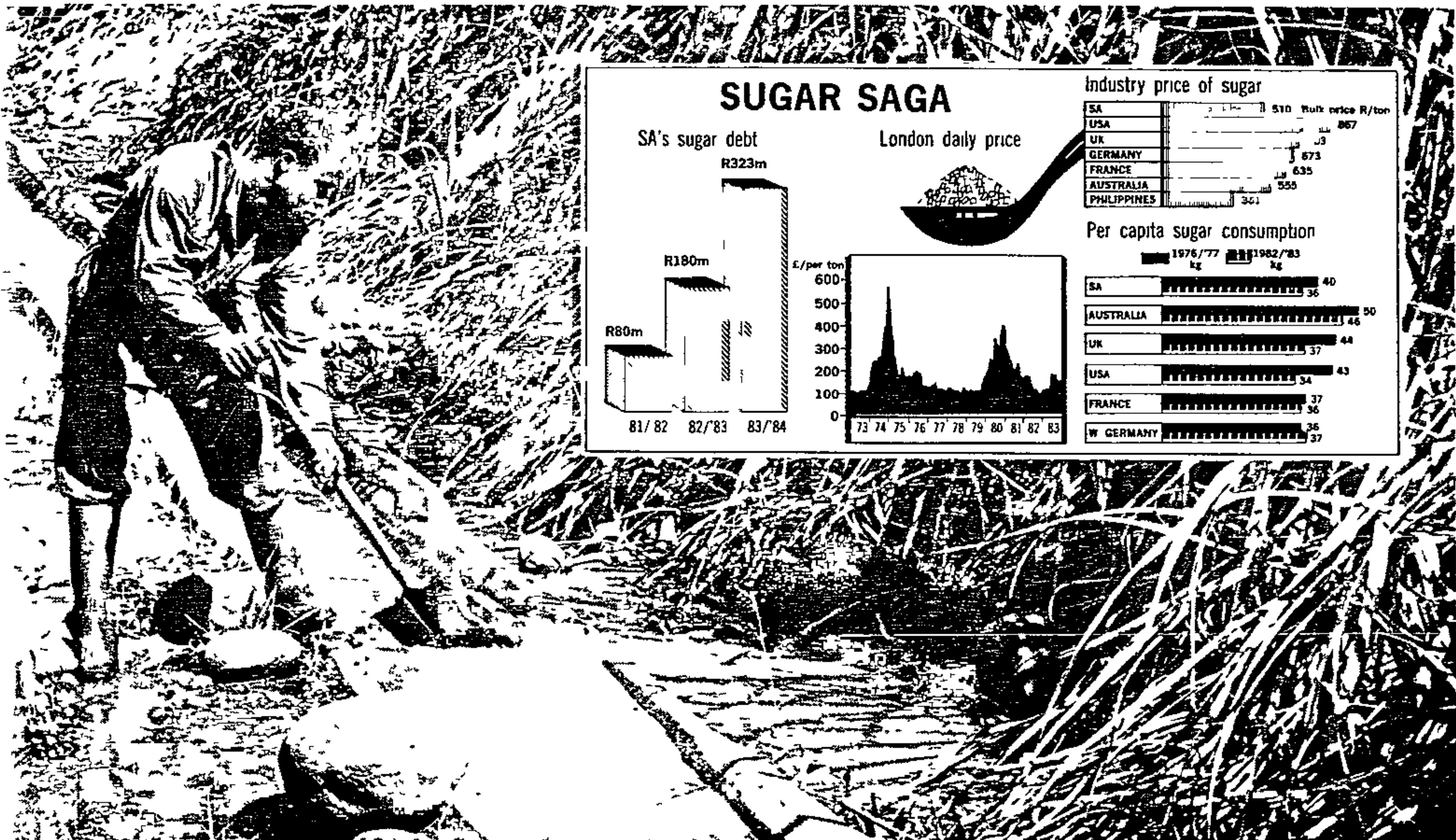
The tough economic truth is at last getting through to the sugar industry. Good rains, a normal crop and easily available loans are not sufficient to pull it out of trouble. It will have to look also to its own backyard.

stance, of the maize industry. Good rain over the Magaliesberg at the height of the growing season could rapidly restore vigour to SA's maize crop. Instead of importing maize and burdening the Treasury, SA would then be in a position to earn valuable

foreign exchange from maize exports, as it did before drought gripped the subcontinent.

The same, unfortunately, cannot be said for sugar. Good rains over the cane belt this season, while boosting crop expectations, have done little to improve prospects for the debt-ridden industry.

After two successive droughts and a sustained period of low world sugar prices, the industry has an accumulated debt of R323m. And with world prices hovering around £115/t and little immediate prospect of a price rally, the future looks decidedly bleak — even though, for the first time in a while, the industry is headed for a crop



of normal proportions

Says Glyn Taylor, MD of Smith Sugar "Even though there has been great cane recovery, the current season is not expected to make any contribution to the industry's loan position. In fact, the way things are stacking, we will probably be looking for further price support." In sugar parlance, "price support" is a euphemism for loan finance.

The size of the industry's debt is now of major concern to both growers and millers. It has grown from a modest surplus in the 1980-81 season to R80m in the 1981-82 season, R180m in the 1982-83 season and R323m in the 1983-84 season. At its current level, it is costing the industry around R45m/year in interest charges alone.

Sugar men, including Taylor, now openly talk of their disquiet. There is much debate over whether it would be desirable for the industry as a whole to extend its borrowings.

That further loans can be obtained, there is no doubt. Peter Sale, GM of the South African Sugar Association (SASA), says loans for the previous season's full shortfall of R135m have already been secured in the Eurodollar market. The debt crisis in Central and South America and elsewhere has encouraged bankers to seek SA business, which is much less risky. Loans to the sugar industry are government-backed and government has assisted by being prompt in supplying the necessary guarantees.

SASA officials lament that the industry would not be in such a parlous position if it were not for the low world prices. At £115/t, prices go nowhere near covering what the industry calculates are the costs of production. Even the higher local price of R510/t (there was a 10% price increase in February) does not cover full costs, including growers' and millers' allowable returns on capital. Worst of all, they are committed to selling about 1 Mt sugar/year on the export market at the currently depressed prices. Low export earnings, while making some contribution to the industry's fixed costs, add little to revenue, which has to be buffered principally by local market sales.

Ten-year cycle

Some may argue that one solution could be to withdraw from the export market. But that appears to be easier said than done. As SASA's Sale points out, sugar has a 10-year crop cycle, which means that customers who are unprofitable now may indeed be just the opposite at a different stage in the cycle. So the retention of market share can be important. In addition, SASA is committed to long-term supply contracts.

The optimists tend to point to the cyclical nature of the sugar industry and venture that, given time, all will come right. True, in the mid-Seventies, the world sugar price was around £600/t and the healthy surpluses built up in the



Raising cane ... the costs will have to be met

stabilisation fund did go towards wiping out previous deficits.

But what the industry may stumble over, or neglect to react to, is that there has been a fundamental structural change in the world sugar market since the heady days of high world prices. Huge stocks of around 30 Mt — about 40% of annual consumption — now overhang the world market, consumption, at least in the industrialised societies, is declining, and artificial sweeteners are gaining an increasing share of the sweetener market.

In short, exposed as it is to the slump in the international market and not being in a position to increase its borrowings indefinitely, the industry, in the words of one grower, is "caught between a rock and a hard place."

A new International Sugar Agreement, with the regulatory effect it would have on world sugar stocks and production, would partly ease the pressure. But talks in London and Geneva have failed to yield anything positive. If there is to be a new agreement, it will have to be struck before the current one runs out at the end of the year. But the need for sugar exporters to retain their markets in the face of the heavy subsidies enjoyed by producers in the EEC and US have put them in no mood for compromise.

Given the circumstances, SASA's export manager, David Hardy, is not hopeful that a new agreement will be forthcoming. And

if one does emerge out of panic as the deadline approaches, he frets that it may do the local industry more harm than good. He says "There are such big mountains to climb, it is difficult to imagine where they will come out."

In the absence of any sound alternatives, an inescapable conclusion is at last beginning to dawn: a shake-out of the higher-cost producers and the more inefficient farmers is inevitable. No longer can the industry keep on borrowing to cover its costs of production. At some point or other, the piper will have to be paid. Nor can it expect the local market to pick up a bigger share of its costs. Domestic sugar prices are already about as high as they can reasonably go.

Bearing transport costs

In some respects, the Rorich Commission report and the changes it proposed for the cane transport system, as well as the industry's experimentation with multiple pools, is an attempt to face up to the problem. The new transport scheme is expected to "flush out" higher-cost producers by making growers bear the burden of transport costs. The hope is that land far from mills will eventually go out of cane production. Multiple pools, with price support for a portion of the export market only (the balance being uncovered), will eventually allow growers to determine their own exposure to the international market. The consensus, however, is that both are long-term palliatives. Still more immediate corrective action is needed.

According to sugar industry sources, there are several options. The industry can increase its borrowings — something which it is clearly reluctant to do in the light of its already heavy debt. It could look to the local market to cover a bigger proportion of its costs — at the risk of price resistance and opening the door to alternative sweeteners. Government could be approached for a direct handout — something which would probably invite tighter government controls. It could renege on its export commitments or it could borrow only a minimal amount, say the difference between the local market price and its costs of production — on the understanding that growers and millers would have to cover any shortfall themselves.

"The feeling now," says one industry spokesman, "is that if proceeds do not cover costs of production, then growers should be allowed to go to the wall."

If that happens, it will herald not only a move away from the feather-bedding and a return to more free-market principles, but also a pretty tough appraisal of what is regarded as costs. That, in itself, can only be good for an industry that has a legacy of overprotection. And if the weak and inefficient have to suffer in the process, that must be seen as an acceptable price to pay for restoring the vitality of the industry and reducing the domestic costs of a staple food over the longer term.

~~Mercury~~
Impasse
28/4/84
so sugar
unions (186)
to seek
mediator

Mercury Reporter

PAY talks between sugar worker unions and employers again ended in deadlock yesterday and unions decided to ask the Minister of Manpower to appoint a mediator

They claimed that employers had refused to meet final union demands of 12 percent on personal and 18 percent of minimum wage rates

Instead they implemented their offer, effective from April 1, of 10 percent on minimum wage rates and not less than 8 percent of personal rates

The six unions rejected the offer, and claimed they would ask the minister to appoint a mediator

The unions involved were the Amalgamated Engineering Union, the South African Boilermakers' Society, the Electrical Workers' Association, the Natal Sugar Industry Employers' Union, the Sugar Industry Employers' Association and the National Union of Sugar Manufacturing, Refining and Allied Employees

Appalled

The employers' refusal was an attempt to break up the unions and confuse workers, union officials said yesterday.

Spokesman for the six unions, Mr Andre Britz, said members were appalled at the way in which the employers had conducted the negotiations

'From the discussions we find that the employers were unconcerned with the plight of the workers and did not even care if the industry closed down,' he said

Oil lifts profits 45% — dividend raised

By PAUL DOLD, Financial Editor *3/21/84*

OIL lifted pre-tax profits by 45 percent in the year ended February but a 134 percent rise in the tax bill cut the attributable earnings increase to 28 percent.

The chairman, Mr Andrew Owenstone, says pre-tax profits were R11,8m as against R8,2m. Tax rocketed to just over the R4m-mark and attributable earnings were R6 093 000 as against R4 762 000.

This is the equivalent of earnings per share of 12,34c (9,64c). The final dividend has been increased from 2c to 2,5c for a total of 4,5c (3,5c). Sales rose to R141,3m (R122,5m).

Divisions

Fishing, property, homebuilding and construction divisions profits were clearly excellent and Mr Owenstone says fishing in South Africa and South West-Namibia has since then maintained the trend.

Bull points for Oil include the Chilean in-

vestments with an encouraging start to fishing and catches thus far are above expectations.

While against a background of the economy, property, homebuilding and construction performed well in 1983, Mr Owenstone sounds a caveat for the current year. Trading conditions will be more difficult and a key factor is the unexpectedly high interest rates.

"While we are aiming to improve the contribution of this sector we cannot be as confident as we were 12 months ago."

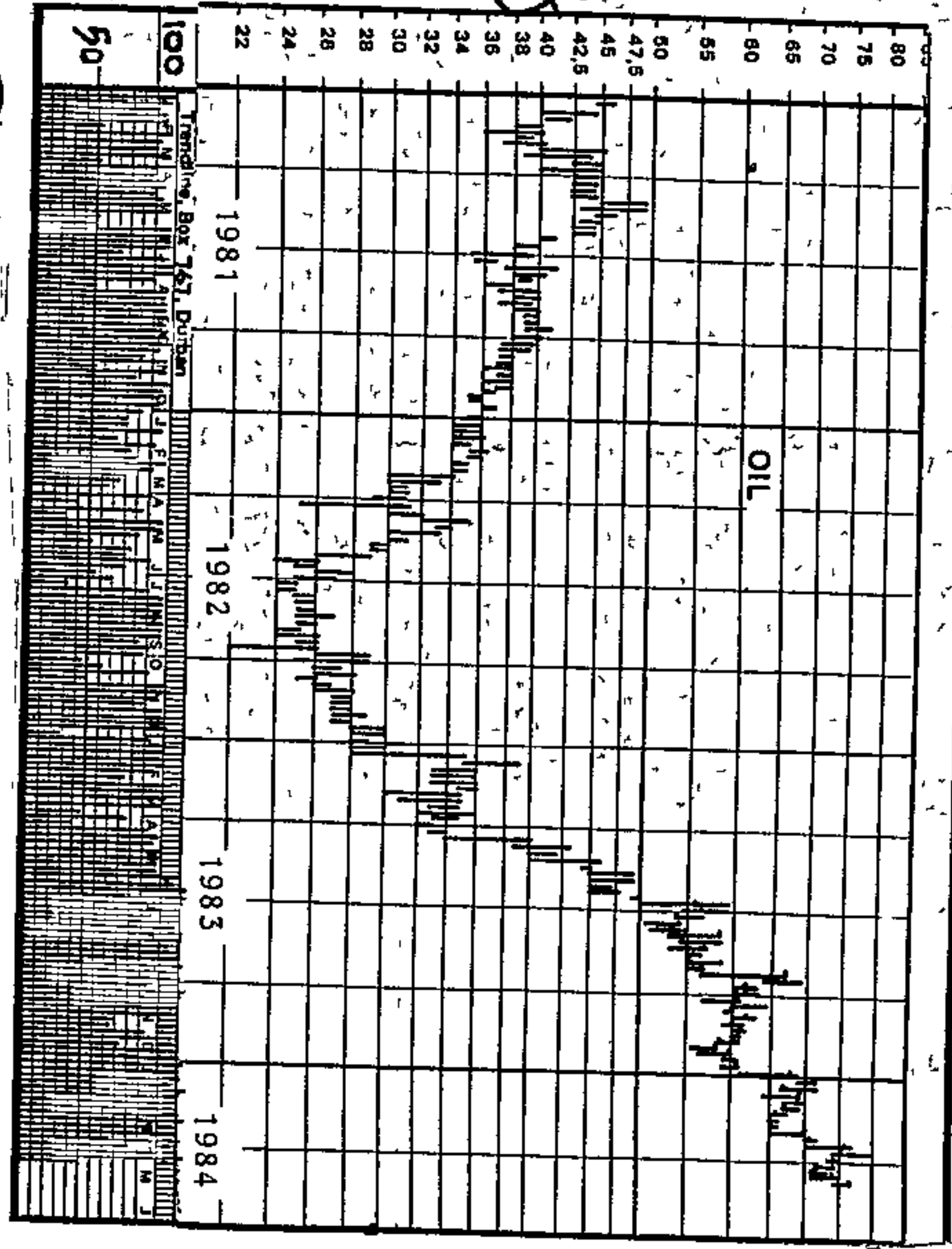
Comment: The results are excellent but have been discounted to at least some degree by the market with the share price touching new highs of 85c this week.



Oil's chairman Mr Andrew Owenstone . . . bumper profits and a good start to fishing in Chile.

The market, however, seems to have failed to take account of the possibility of the increased tax rate and had been expecting a higher dividend payout.

The share is standing on a relatively low dividend yield of just over five percent but against this the earnings yield of some 15 percent is adequate.



RADU 5/15/84
Shock
claims
on
dairy
workers

By SAM MASEKO
Pretoria Bureau

A DAIRY INDUSTRY trade unionist said this week some dairy employers still kept sjamboks in their offices and "treat their black employees like 50 years ago"

The executive secretary of the National Union of Dairy Industry Employees (NUDIE), Mr Johan Eybers, has accused the Government of allowing "peculiar and unfair" labour practices in the dairy industry to continue unchecked

Mr Eybers said he had discovered during a tour of South African dairy concerns that there were dairies in which black staff worked for up to 18 hours without getting any overtime pay.

NUDIE was a whites-only union until November last year.

Mr Eybers said he had found "very peculiar and unfair labour practices about which I am going to see the Industrial Council"

Mr Eybers said the time was ripe for all labourers in South Africa, whatever their colour might be, to stand together and put an end to "this nonsense"

He added that since the scrapping of discrimination in NUDIE, there were 4 100 "non-white" members who had joined the union and that 700 more were joining every month.

Workers cry 'fowl' over farm rule

City Press

6/5/84

186

IS THE slaughter house at Rainbow Chickens a farm or a factory?

That's the question to be decided by the Industrial Court, and the outcome could vitally affect hundreds of workers.

The issue was raised this week when seven workers from Rainbow Chickens, sacked on February 6 when they refused to do overtime, applied to be re-instated.

Lawyers for the Chicken giant said the court had no jurisdiction over the seven men because they were farm workers and are therefore excluded from taking action through the court.

The seven want to be re-instated because they claim their dismissal was an unfair labour practice, and that they were given no hearing before being sacked.

Their lawyers, Durban's legal resources centre, argued that they were busy with industrial rather than farm work, and that the court could therefore rule that they be re-instated.

According to the lawyers

The plant is in the Hammarisdale industrial



area. The land is zoned for industrial use. The company pays rates on the plant land assessed as factory not farm land...

They argued that if relief was not granted to the seven, it would indicate to the workers that management was entitled to do what they liked.

Workers at the plant would know they had no rights and everyone would live in fear of being dismissed as the seven.

KPM 10/5/84 186 106 115 106

Chicken farm men reinstated by court

Mail Reporter

THE industrial court has ordered the reinstatement of six Rainbow Chicken employees after finding they were industrial and not agricultural workers

The case, brought by the Legal Resources Centre, followed the dismissal of the six workers from Rainbow's processing plant at the Hammarisdale industrial township in Natal for refusing to work overtime

Mr Arthur Chaskalson, SC, for the workers, charged that they had been unfairly dismissed because, in terms of the Basic Conditions of Employment Act, they had a right to refuse to work overtime

Mr Roy Alloway, SC, for the company, said the Act excluded farm workers and domestic workers. In addition, such workers had no right of access to the industrial court

Mr Chaskalson argued that workers in Rainbow's processing plant did work which was in essence no different from any other industrial operation

Mr D B Ehlers found that the plant was an industrial and not a farming operation, that the workers were subject to the protective legislation and found their dismissal was an unfair labour practice

He ordered the company to reinstate the workers

CHS Tax n/s B4
Meat
firm
drops
price

Staff Reporter

A NATIONAL meat producer yesterday announced that it will drop the price of a popular meat line by seven percent following the government's decision last week to exempt basic foodstuffs from general sales tax as from July 1.

The company, Kan-hym-Karoo, which has 12 Peninsula outlets, will sell its Karoo boerewors at the reduced rate from today.

Both the SA Federated Chamber of Industries executive director, Dr J C van Zyl, and the president of the Afrikaanse Handelsinstituut, Mr Hennie de Klerk, have cautiously welcomed the exemption of basic foodstuffs but have expressed concern that by increasing GST to 10 percent, the government would postpone the country's economic recovery.

Excess demand

Dr Van Zyl said the estimated further R800 million which would be generated was necessary to curb excess demand and to finance rapidly-growing government expenditure.

Mr De Klerk expressed disappointment at the increase and said the control of inflation would be hampered by the fact that most goods would still carry GST.

KOM 17/5/84
Sugar union joins Inkatha

186

Mail Reporter

A TRADE union based in the Natal sugar industry has become the first union to affiliate to Inkatha and is to take up a seat on the predominantly Zulu political body's central committee

Mr S Nsibande, general

secretary of the Natal Sugar and Refining and Allied Industries Employees' Union, told the Rand Daily Mail yesterday that it "went without saying" that the union was to be the "labour wing of Inkatha"

This followed a weekend

meeting addressed by Chief Gatsha Buthelezi, president of Inkatha

The union claims a membership of 35 000 chiefly in the sugar industry, but also has membership in the paper, maize meal, transport, bakery and iron and steel industries

DISPUTES

~~(186)~~ ~~(151)~~ ~~(165)~~
~~(40A)~~
Defining who's who

A judgment handed down by the Industrial Court last week could have far-reaching implications in defining the categories of worker who fall within the ambit of the Labour Relations Act (LRA) and other labour legislation. The court ruled that six workers employed by Rainbow Chickens in Natal are industrial, not agricultural workers.

Agricultural workers (along with domestics) are excluded from the provisions of the LRA and are among the least protected workers in SA. The judgment gives clearer definition to the somewhat blurred distinction between the two worker categories in agricultural processing industries.

It also opens the way for Rainbow, a major employer group, to become rapidly unionised. The Sweet Food and Allied Workers' Union (SFAWU), an affiliate of the Federation of SA Trade Unions, has already given notice that it intends to organise the plant.

The court was asked to decide the issue after the Legal Resources Centre took up the case of six men dismissed by Rainbow for refusing to work overtime. Centre attorney Richard Lyster contended that as the men were industrial workers, they had a right to refuse overtime in terms of the LRA and the Basic Conditions of Employment Act (BCEA). Consequently, he argued, their dismissal amounted to an unfair labour practice.

In reply, Rainbow argued that it had always regarded itself as an integrated farming operation and its employees as

~~(186)~~ ~~(151)~~ ~~(165)~~ ~~(40A)~~
FM 18/5/84
agricultural workers. Therefore, neither the provisions of the LRA nor the BCEA applied and the court had no jurisdiction in the matter.

Industrial undertaking

The court found that Rainbow's chicken processing operation was, by nature, an industrial undertaking. Therefore the court had jurisdiction, and it ruled that the applicants had been unjustifiably dismissed and granted a temporary reinstatement order.

Lyster says that although the company has given notice that it will comply with the order, it intends to take the matter on appeal to the Maritzburg Supreme Court.

In Lyster's view, the company was attempting to "perpetuate a fiction" by claiming that it was an agricultural operation. He says its processing plant at Hammarsdale is in an area zoned for light industry and is rated by the local authority on an industrial basis. In addition, he points out that other chicken producers have recognised their industrial status. One, Farm Fare Chickens, has signed a recognition agreement with the SFAWU.

The case has similar elements to the recent dispute in the sugar industry where SFAWU claimed that workers loading cane in the fields were industrial workers. In that case too, the court ruled in the union's favour.

The implication of the judgment is that henceforth Rainbow workers will enjoy the protection of all the statutes governing employment — particularly in relation to wages, conditions of employment, retrenchment procedures and overtime payment.

Says Lyster: "We feel that it is desirable that conditions of employment be standardised throughout industry."

Lost trawler: Court suspends ticket of ^{AR 6 US} chief engineer

Shipping Reporter
THE loss of the trawler St Gerard was partly by default of the skipper and the owners and by default and wrongful action of the chief engineer, a marine court of inquiry has found.

Captain Peter Cottee was reprimanded by the court, Irving & Johnson Ltd were advised to "reconsider company policy" and the chief engineer, Mr Roy Langwood, had his chief's ticket suspended for 12 months

First mate Mr Daniel Wolhuter was absolved from blame because he acted under Captain Cottee

CAPSIZED

The 40-metre trawler capsized and sank about 29 miles off Dassen Island on November 26 after losing power and being "anchored" with her stern to weather by the trawl gear.

Weather and sea conditions deteriorated over 21 hours while the crew tried to restart the engines. During this time the swells washed up the trawler's ramp, flowed into the stockerpond and into the factory deck which became flooded.

The trawler listed to starboard, capsized and sank with the loss of four lives

The presiding officer, Chief Magistrate C F W van Zyl, said the court found Mr Langwood guilty by default through not checking the emergency equipment before sailing, and he had committed a wrongful act by consuming alcohol while on duty

FISH HATCH

The skipper was in default because he allowed the fish hatch to be hammered down with a hammer without first finding out from the chief whether there was another way of closing it.

He also failed to take

sufficient preventive action to stop the inflow of water and allowed advice and instructions to influence his decision to cut the trawl

The company was in default by not giving the skipper its approval to cut the trawl on the three times he had sought it

Assisting Mr van Zyl were Mr Henry Hoy and Mr M Toxopeus. Mr Roger Field appeared for I&J, Mr Tom Walters for Captain Cottee, Mr A Abercrombie for Mr Langwood and Mr Peter Whelen for Mr Wolhuter. Mr P L Erasmus appeared for the Department of Transport.

Maitland landlord fined R300

Court Reporter

A MAITLAND landlord who harassed his tenants has been fined R300 by a Cape Town magistrate for contravening the Rent Control Act

The magistrate suspended R200 of the fine for five years

Lucas Steenkamp, 62, of Steenkamp Properties, Hely Street, Maitland, had pleaded not guilty.

Evidence was that between 1981 and November 1982 Steenkamp harassed his tenants by sending his workmen to remove the roof and a bedroom window from a house at 194 Coronation Road, Maitland, rented by Mr L W Napier and his wife

INSTALMENTS

Steenkamp's defence was that during the period Mr Napier had been paying instalments for the house and not rent.

He acknowledged a previous conviction of charging more rent than stipulated by the Rent Board

Mr B Carroll was on the Bench. Mr J G van Zyl appeared for the State. Steenkamp was not represented.

Cap Times 22/5/84 (186)

Fedfood lifts profits 24%

JOHANNESBURG. — Federale Volksbeleggings' food wing — Fedfood — has continued its dramatic earnings performance and lifted attributable profits 24 percent for the year to March.

On the back of improved conditions in all divisions except frozen foods, Fedfood reports an increase in the bottom line to R19,65m from R15,76m in the previous year.

Turnover rose 11 percent to R720,65m (R650,16m) and operating income advanced 17 percent to R52,87m (R45,13m).

However, interest payments only increased six percent so pre-tax income was lifted by 26 percent to R32,25m (R25,6m) which resulted in after-tax income up 27 percent at R21,91m (R17,26m).

Outside shareholders took R2,7m (R1,49m).

In line with the group's policy of gradually increasing its dividend cover to eventually three times earnings, the final dividend has only been increased 3c

to 18c, bringing the total dividend to 30c or 2,7 times earnings, 13 percent up on last year's 2,4 times.

Describing the reasons for Fedfood's encouraging performance, the managing director, Mr Jan Louw, said last night one of the reasons was that pelagic fishing in the Namibian waters had improved considerably.

"In 1984 the group benefitted mainly from excess fish catches which yielded very good fishmeal and oil returns. In addition the pilchards we are now catching are very much bigger and this in combination with improved technology means a larger proportion of the fish is ending up in the can," said Mr Louw.

Factors

In the milling division the availability of maize, wheat and sorghum had an adverse impact on profits but other factors outweighed this including

● The reconstruction of the Ruto group, which

is undergoing a R5m expansion programme at present.

● Increased demand for basic foodstuffs caused by the drought and the recession

● Intergroup rationalization of processing activities, especially oil extraction between Nola and Ruto

● Diversification of product ranges and optimization of production capacities

The bakery division — Fedbake — recorded especially good growth in the rural areas, neighbouring states and homelands.

But the directors say "The low controlled margins in the wheat and bakery divisions, and the consequent return on capital, create a condition where only the fittest can survive. Any relaxation in the subsidy system will result in substantial price rises to the consumer."

The frozen foods division experienced "very tough trading conditions which resulted in the failure to achieve expected returns on capital."

SACKED DAIRY WORKERS CALLED

Sweeten
23/5/84
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THE Food Beverage Workers' Union has requested the more than 300 of their members who were recently fired at the Dairy Maid Ice Cream factory near

Olifantsfontein, to report to their Pretoria offices immediately.

In a statement released yesterday, the union's regional chairman in the northern Transvaal, Mr Moses Motsoenyane, also announced that the union, after failing to have their members reinstated, "is persuing the matter through the conciliation board and preparing to go further if need be."

He said attempts to

resolve the matter with the company had failed after management had rejected their proposal to reinstate about 400 of their members who were dismissed in February this year after going on strike.

Mr Motsoenyane said the workers went on strike in support of a call for the dismissal of a white superintendent who was allegedly assaulting workers and is now facing charges of assault.

Premier Group earnings reach record levels

CAP & TIMES 23/5/86

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JOHANNESBURG. — Earnings by Premier Group Holdings in the year to March have exceeded expectations at the halfway stage. Turnover, trading profit and earnings per share all reached record levels.

Releasing the group's preliminary financial results in Johannesburg yesterday, the chairman, Mr Tony Bloom, said net attributable profits at R120m are not comparable with the previous years R53m due to the fact that the group's 36 percent interest in SA Breweries has been equity accounted for the first time.

However, trading profits increased by 13 percent — R137m compared with R121,6m — which Mr Bloom describes as reasonably satisfactory in view of the economic recession and the drought.

Group turnover at

R2 049,1m rose by 19 percent over last year's R1 716,4m.

Earnings per share — on the new share capital of 56,1m shares (25,8m) — increased by four percent from 206,5c last year to 214,5c in the year under review.

With the company declaring a final dividend of 54c a share (37c), the total annual dividend has been increased by 30 percent to 86c (66c).

Mr Bloom said all major divisions in the food group — except the poultry division — increased profitability.

Market shares for all the important products had either been in-

creased or maintained.

"This was a creditable performance in the face of increasingly competitive activities which manifested themselves as excess capacity chasing diminished markets and margins put under severe pressure."

The profits of the good group had however been adversely affected by the lower demand for mielie meal, arbitrary reductions in the milling and baking margins by the government, increased costs associated with the importation of wheat, maize and oil-seeds plus the poor performance by the poultry division.

Mr Bloom predicted that in the current year the Premier group would achieve at best a 10 percent increase in earnings per share.

In view of the current adverse conditions this seemed optimistic but a major factor likely to have a beneficial impact on the group was the abolition of GST on basic foodstuffs announced recently by the Minister of Finance, Mr Owen Horwood.

He announced that Mr Peter Wrighton has been appointed chairman of Premier Food Industries with Mr Wally Wolthers as joint managing director in charge of mills, bakeries, distribution and international marketing and Mr N B Fowler joint managing director in charge of poultry, animal feeds, pet foods and edible oils and derivatives. — Sapa

from 6/6/84 (186)

Unions settle dispute

Mail Reporter

A LENGTHY battle between two rival trade unions at the Irvin and Johnson processed foods plant in Springs culminated yesterday with the company signing a recognition agreement with the Sweet, Food and Allied Workers' Union.

The agreement follows a secret ballot victory in April by the SFAWU, an affiliate of the Federation of South African Trade Unions (Fosatu), over the Food and Beverage Workers' Union, an affiliate of the Council of Unions of South Africa (Cusa).

The ballot came after months of inter-union rivalry over the recruitment of members and overturned a previous company recognition agreement with FBWU which was signed when they had majority membership.

A statement issued jointly by Mr Trevor Broderick, the I&J group's industrial relations manager, and Mr Chris Dlamini, president of the SFAWU, said the SFAWU had confirmed a fully-paid up membership of 56% of the permanent employees at the site.

"A full procedural agreement was signed between I&J's processed food plant and the SFAWU at Springs on June 4," the statement said.

In the ballot held on April 18, 52% of the workers supported SFAWU with 34% supporting FBWU.

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Dispute at Dairybelle resolved after talks

C. Times 9/6/84

By RIAAN DE VILLIERS
Labour Reporter

THE DISPUTE between Dairybelle and more than 600 black workers was settled at the weekend after further negotiations between management, officials of the Retail and Allied Workers' Union and a workers' committee

The settlement has ended a strike which had paralysed home milk deliveries in a number of Cape Town suburbs and townships since Wednesday morning

A union spokeswoman said yesterday that workers returned to work on Saturday morning after management had agreed in writing that it would negotiate with their committee and that no workers would be victimised or dismissed

This was done on the understanding that workers would continue striking today if no

agreement was reached. In terms of the agreement, all workers will be given individual "call-in" cards when their contracts expire, which means that their contracts will be automatically renewed. All workers are also to get four weeks' leave, and individual workers can request longer periods.

Agreement was also reached about procedures for dismissals and retrenchments

'Major victory'

She described the settlement as a "major victory" for the union which would significantly improve job security of contract workers

"This means we have won call-in cards at all three dairies where we have organized workers," she added

Mr Martin Henning, Dairybelle's general manager in the Western

Cape, confirmed that the dispute had been settled, but denied that the company had "given in" to worker demands

"Workers met our condition that we would not negotiate with them while they were on strike," he said

He confirmed that the company had agreed to institute the "call-in card" system but said the parties had reached a "negotiated solution" which met certain conditions laid down by management since the beginning of talks on the issue

He said the agreement on dismissals and retrenchments were "re-statements of company policies which have been followed for the past 15 years"

He added that home deliveries had been restored on Saturday morning and that all services by the dairy would be normal from today

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Mercury 15/6/84 (186) (186)

Mediator called to chair wage dispute

Labour Reporter

ADVOCATE Paul Pretorius has been appointed mediator for a meeting in Durban today to help resolve a dispute between the Sweet, Food and Allied Workers' Union and the C G Smith sugar company

The dispute, which affects about 1 500 workers at C G Smith mills at Pongola, Noodsberg and Umzimkulu, has been dragging on since April when wage increases were to have come into effect.

A conciliation board, appointed by the Minister of Manpower, Mr P T C du Plessis, met last week but failed to find agreement.

Mr B Horlock, the company's personnel director, confirmed yesterday that further talks would take place today

He said a meeting had already been held under the chairmanship of Mr Pretorius at which some progress had been made

Interdict

In a statement yesterday, a spokesman for the union said 'The appointment of a mediator is a significant breakthrough in the deadlocked wage negotiations. We hope that a settlement will be reached today'

Meanwhile, the union has been called upon to show cause why it and its 14 shop stewards at

Noodsberg sugar mill should not be interdicted from stopping non-union members from working at the C G Smith-owned mill when the matter comes before the Supreme Court in Pietermaritzburg later this month

The company's application for an interdict was heard in the Supreme Court on May 18

W. M. 16/6/84 186

Sugar workers to get pay rise

Labour Reporter

WORKERS at three CG Smith sugar mills in Natal are to receive pay increases of between 10 and 14 percent backdated to April 1

Yesterday's announcement which ends a three-month-long dispute, was made in a joint statement by Mr Jay Naidoo, general secretary of the Sweet, Food and Allied Workers' Union and Mr Barrie Horlock, personnel director of CG Smith Sugar, after a meeting of a Conciliation Board chaired by Advocate Paul Pretorius

In terms of the agreement workers at the Noodsberg, Pongola and Umzimkulu mills will receive an increase in

wages from 14 percent at the unskilled level to 10 percent at the semi-skilled level. Food allowances at the three mills would be fixed at R50 going up to R55 in October.

The statement said 'The talks, which have been going on for some months, during which there had been some tough talking on both sides, ended on a conciliatory note with the agreement

'This further meeting was suggested by Mr Pretorius, who had been appointed chairman of a Conciliation Board by the Minister of Manpower, Mr P T C du Plessis, as the first meeting under his chairmanship last week produced no agreement'



Agricultural Enterprises MD Mr Michael Lynott (left seated) and Racec technical director Mr John

Mansfield sign the contract for the R15 million vegetable oil and cake mill

New Botswana mill 'no threat'

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19/6/84 Star
DJ

By Bill Levitt

South Africa's two major milling firms say Botswana's proposed R15 million vegetable oil and oilcake cattle feed mill will have little impact on their exports.

The mill at Lobatse, financed by US and South African funds and built by an international consortium co-ordinated by Botswana's Agricultural Enterprises, will be able to produce 22 000 tons of oil and 35 000 tons of oilcake.

Norman Fowler, joint MD of Premier Food Industries, and a senior spokesman for Tiger Oats both said in interviews that the project would have "limited impact" on their operations.

SA companies sell small quantities of oil and animal feed to Botswana, so the success of the new project depends heavily on its ability to export, they said.

Botswana consumes about 2 000 tons of oil a year, and Agricultural Enterprises plans to export its surplus to members of the Southern Africa Development Co-ordinating Council (SADCC), including SA.

The mill is expected to save Botswana R2,5 million annually in foreign exchange. The mill will have the capacity to treat 60 000 tons of sunflower seeds — the bulk of which will be imported from the US.

The mill is expected to be in production within a year, with full output reached immediately, working three shifts daily seven days a week, said Mr Michael Lynott, MD of Agricultural Enterprise.

The firm plans to phase out raw material imports by building up local supplies. About 10 000 ha south of Lobatse — now farmed by subsistence smallholders producing maize

and sorghum — is suitable for dry-land sunflower farming, using drought resistant seeds, project managers say.

Up to 10 000 local farmers would be encouraged to grow sunflowers for the mill. Managers estimate that it will take five years before local levels match mill requirements.

But a spokesman for Premier's oil and fats division warned that there could be problems with the local farming scheme — something that could have a tremendous impact on the mill's viability if it continues to import US sunflowers.

The spokesman noted that the same area had been targeted years ago for cotton, but the proposal was not implemented because of problems in getting farmers co-ordinated.

The current world surplus of sunflowers may make it viable to import now. But if that surplus dwindles, the mill will be under added strain if local farmers cannot meet mill needs in the five-year period.

Another possible problem is the railage fee payable to get the imported sunflower to Botswana from SA ports.

But Botswana could find export markets for its oil and oilcake in SA, the spokesman said.

International financing for the project is being negotiated by the Connecticut-based Equator Bank, merchant banking arm in Africa of the Hong Kong and Shanghai Bank Corporation.

Agricultural Enterprises, which has been granted a five-year tax holiday, has negotiated export credits in South Africa to cover a loan of R1,8 million from the Industrial Development Corporation (IDC).

The IDC loan will, in part, be used for constructing the mill's R750 000 2km-long railway spur and a six-track siding.

Premier buys out Ovenstone family interests

Staw 9/10/84

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By Peter Farley

The Premier Group has entrenched its control over Ovenstone Investments (OIL) through the acquisition from the Ovenstone family of the 50 percent in OIL's unlisted pyramid Ovenstone Consolidated Investments (OCI) that it does not already own

No offer is being made to OIL minorities. The purchase of the outstanding 50 percent in OCI, which in turn holds 50,2 percent of OIL, will be settled by the issue of 590 000 Premier ordinary shares to the Ovenstone family.

The new shares are being issued at an average price of R22,15 a share, or equivalent to a total of slightly more than R13 million. This values OCI at R26 million.

Although no management changes are envisaged under the new set-up — Mr Andrew Ovenstone will remain chief executive — a R1,5 million restraint of trade has been paid to certain members of the Ovenstone family to prevent them from competing with OIL in the fishing industry for the next five years.

The acquisition of the 50 percent in OCI which Premier did

not own was made through the purchase of certain Ovenstone family investment companies and trusts which had indirect holdings in OCI.

These family businesses also have other assets, which Premier also acquires, but these are unrelated to OIL. The transaction means that OIL becomes a subsidiary of Premier Group Holdings.

Premier Group director Mr Derek Hunt-Davis said there is no intention of splitting the various interests within Ovenstone. It will remain intact as a separate division under Premier Group and will not be shifted over under the recently-formed Premier Food Industries.

Mr Hunt-Davis said that although in the past OIL had a poor rating on the market, he felt that this had now changed. These changes, he said, were directly due to the existing management.

He said Premier had no previous experience with the non-food activities (property, construction etc.) which make up a large portion of OIL and for this reason it was best to leave the group together under the present management.

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Dairy workers ask for recognition

Labour Reporter

MORE than 700 workers from the three major dairy factories in Natal decided at a meeting in Durban to stand united and demand recognition of their union.

In a statement released after the meeting yesterday, Mr Jay Naidoo, general secretary of the Sweet, Food and Allied Workers' Union said the union, which represents a majority of the workers at Clover Dairies in Durban and Pietermaritzburg and Creamline in Pinetown had been having difficulty in negotiating recogni-

tion with certain companies

'Workers at the meeting in Bolton Hall resolved to stand united in spite of all attempts to divide them, and to demand recognition of their union. It was decided further, that any attempt to victimise any member will be taken as an action against all of them.'

Mr R J Floweday, divisional manager for Clover Dairies in Natal, said he was aware of a meeting, but preferred to reserve comment until he was fully briefed on what had transpired

AFSul 19/6/84 (186)

Premier Milling buys out Ovenstone

Financial Staff

THE controlling interest in Ovenstone Investments Ltd (Oil) — the Cape Town-based company with interests in fishing and the construction industries — has been bought by Premier Milling in a deal worth R13-million

Premier announced today that it has increased its stake in Ovenstone Consolidated Investments, which owns 50,2 percent of Oil, by buying out the Ovenstone family

It will issue 590 000 Premier shares worth 215c each, representing one percent of the issued share capital, to the Ovenstone family

Mr Andrew Ovenstone will con-

tinue as chief executive of Oil and his cousin, Mr Neill Ovenstone, will remain a director

Mr Andrew Ovenstone is overseas inspecting the Chile pilchard fishing operation in which the group has an interest

Mr Neill Ovenstone said today that though the firm had been founded by his great-grandfather in 1901, he and Mr Andrew Ovenstone were the only members of "our rather large family" who still took an active part in it

The decision to sell out to Premier would "be good for the family" and would help Oil to grow

"We have not severed our ties

with the business to the extent people may imagine"

Mr Peter Wrighton, deputy chairman of Premier, said that he and the chairman, Mr Tony Bloom, had worked closely with the senior management of Oil and "hold them in high regard"

Mr Ovenstone and his team would "continue to run the Oil group in the same autonomous manner as they have done in the past"

A statement from Premier said that Oil and Droyal Investments proposed merging their business and Mr Andrew Ovenstone would be chief executive of the group

Mercury 20/6/84 (152) (186)

Sugar firm fires 400 in union row

Labour Reporter

ABOUT 400 striking sugar workers — some with up to 40 years' service — have been fired in a row over union recognition. Some are now worried about losing their homes as well.

Workers at Stewart's Estate, in New Guelderland, near Stanger, downed tools yesterday.

Mr Richard Gumede, the South African Allied Workers' Union representative in Stanger, said they had several grievances they wanted the union to sort out.

But attempts by the union to meet the management for talks, failed. Mr Gumede claimed the company threatened to prosecute union officials who entered the estate, and that it sacked some workers.

The union man said that the compound manager had recently imposed some new rules. Included in them was a restriction on the wives of employees staying in the company compound.

Mr Gumede said: "All the employees were told that their wives would not be permitted to stay on the premises for more than two weeks."

"We regard this as most unfair. Some of the workers are from Transkei."

Homes

He said the workers also objected to a deduction of R10 a month from each worker's wages towards electricity charges.

A spokesman for Indian workers on the estate said they had been forced to join the strike.

Some of them had 'almost a-lifetime' of service with the company, and were worried they would have to quit company homes which some had occupied for nearly 40 years.

Mr Roger Stewart, the firm's managing director, said: "We are regarded as one of the best employers in the sugar industry. We have contingency plans, but I'm not prepared to comment on them at this stage."

Union briefs lawyers

THE Northern Transvaal branch of the Food Beverage Workers' Union has briefed its lawyers to take action against the Dairy Maid and Sacca Limited following dismissals of more than 200 employees.

Mr Moses Motsuenyane, a branch chairman, said in a Press statement that after unsuccessful negotiations with Dairy Maid officials to have about 200 workers accepted back at work, the union decided to take the matter to court. The union, he said, was dissatisfied when the company "selectively" re-employed the other workers after a strike by about 350 employees early this year.

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Sent to



Sugar industry to be restructured

Own Correspondent

DURBAN — The average sugar farmer now owes 30 percent of the value of his farm, in spite of the fact that the sugar industry has obtained R327m in loans, the chairman of the SA Cane Growers's Association, Mr Lawrence Gordon-Hughes, said at the annual meeting yesterday

Farmers who live in drought-stricken areas owe even more and "further losses in the coming season will aggravate the already precarious financial position of a large number of our members"

The interest burden over the last five years has risen from R1,35, a ton of cane to R3,21 and net farm incomes have declined from R2,50 to R1,18 a ton.

Farming loss

"After paying interest, the average grower was incurring a farming loss of R2 a ton of cane in the past season"

He said that the industry was planning to restructure to allow cane farmers to make up their own minds on production and determine their profits

Instead of the industrial headquarters de-

termining production and then being forced to sell on often below-cost export markets, the decision would be in the hands of farmers

The scheme would provide two pools

Pool A would allow a cane price of say R30 a ton and the amount of cane each farmer could provide would be related to the best three years of production in the past seven

Pool B, aimed at supplying the export market — would have a price of, for example, R12 a ton, but in the years when the export price was high this pool price would be high too

Planning

"The thrust of the present planning in the industry is towards a more marketed orientated industry with less control by government and a simplification of the rules and regulations of the sugar industry agreement"

Mr Gordon-Hughes said that a recent survey had shown that South Africa was the second cheapest sugar producer in the world

Turning to the crop forecast, he said it was ironic that after the drought there should be floods, followed by good

rains. The estimate was that the 1984/85 season would produce a record crop of 19,8m tons of cane — this beat the previous record in 1981/82 of 19,6m tons

But the sucrose price was only R177 a ton — against R245 in the previous season — and relief could only be sought from domestic consumers, the State or the industry

Export profits

At times export profits had been used to subsidize the domestic market and as a result the loss of revenue at current prices was about R550m

"Now the tables are turned and the industry requires urgent assistance from local market consumers"

He pointed out that other agricultural activities had enjoyed substantial help from the government in various fields which the sugar industry had never had

The sugar industry was an effective "decentralization of industry" activity as well as providing income and jobs in activities related to the industry

Sugar exports provided much needed foreign exchange for the balance of payments

CAPE TIMES 21/6/84

Oil minorities appeal to Premier for similar offer

By PAUL DOLD, Financial Editor

PREMIER'S acquisition of control of Oil without an offer to minorities is causing a ripple of protest from Cape shareholders.

Minorities champion Mr Issy Goldberg noting the Johannesburg Stock Exchange (JSE) decision on Kimet — Sanlam last night appealed to Premier's chairman Mr Tony Bloom in a sense of fairness to extend the offer made to the Ovenstone family to minorities

While it is difficult to assess the effective price which is being paid to the Ovenstone family for their stake in Ovenstone Controlling Investments, it appears to be well above the current ruling market price of 78c

Regulations

Attacking outmoded stock exchange regulations which made a change of control possible without an offer to minorities, he called for the introduction of a long overdue take-over panel recommended by the Margo—Nadue report

Mr Goldberg, who is a member of the Standing Advisory Commission on company law, notes however that the JSE as presently constituted is unable to enforce contractual regulations which are in any way in variance with law thus providing a loophole for powerful quoted companies at times to cock a snook at the JSE regulations

Mr Goldberg feels that in the Premier take-over of Oil, a change of control had undoubtedly taken place, Section 314 of the Companies Act defines a "take-over offer" as an offer for the



Mr Issy Goldberg

acquisition of shares under a "take-over scheme" The latter is defined as a practice that will have the effect of vesting the control of the offeree company directly or indirectly in the offeror

Safeguard

Mr Goldberg points out that the whole of Chapter 12 of the Companies Act which deals with mergers and take-overs inter alia goes to great lengths to attempt to safeguard the interests of shareholders against deprecation of their rights by controlling shareholders

"The time has arrived in the economic development of South Africa where the spirit of the act must be equally as important as the wording of the act in producing this spirit and safeguard

How the courts would react to this philosophy is of course dependant

on the facts of each case submitted to them But Mr Goldberg avers the attitudes of powerful companies in this respect is something that should not be open to conjecture or question

"One would expect that prestigious quoted companies should go to extreme lengths to be seen to be fair in the attitudes and treatments of non-controlling shareholders — loosely referred to as minorities"

Pyramid companies

Mr Goldberg says the practice of creating both quoted and unquoted pyramid companies has prejudiced the ordinary shareholder in many cases But noting last night's announcement by the JSE that a change of control had taken place in the recent Kirsh—Sanlam deal, the stock exchange appeared at long last to be taking action and should be congratulated

"I am happy to see the JSE at last taking some positive steps in this regard The creation of a pyramid in which existing controlling shareholders have barely over 50 percent of the pyramid shares and where the offeror takes slightly under 50 percent of the shares has all the attributes of possible presumptive change of control

"But a take-over panel as called for by the Margo—Naude report becomes increasingly vital Their concept is aimed at bringing a sense of equity and fairness to underprivileged non-controlling shareholders and at the same time being fair to the offerors

Representation

"A separate independent panel is projected on which the JSE will have good representation and which would adjudicate on an ad hoc basis on available evi-



Mr Tony Bloom

dence as to whether an effective change in control had in fact taken place or was envisaged

This would be irrespective as to whether the narrow interpretation of change of control — more than 50 percent of the shares being affected — had eventuated"

He notes that a situation could arise where on the evidence available it appeared that in spite of an acquisition of less than 40 percent of the shares by a predator company it could result in effective change of control taking place

Change of control

In the UK acquisition of 30 percent of the shares constitutes a change of control but a flexible interpretation in the hands of a South African panel would be far more effective

"Such a panel would have to be armed with statutory teeth The JSE's only sanction for non compliance with their regulations is delisting a share to the detriment of the shareholders themselves who deserve protection The sanctions contemplated by a South African panel would as opposed to the British system of moral sanction be very real, incisive and doubly effective"

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pleted section and optimum potential with regard to detection and delay" the Disabled on In Uniondale, New York.

From 21/6/84

Unionist in court after meeting

By LINDA ENSOR
POTCHEFSTROOM — The general secretary of the Food Beverage Workers' Union of South Africa and 26 workers at Chubby Chicks Poultry Farm in Potchefstroom appeared in the Potchefstroom Regional Court this week on charges under the Internal Security Act after a labour dispute at the factory on February 23.

Mr Leonard "Stakes" Sikkhahane, 46, of Soweto, is charged with having organized, presided at or addressed a meeting of workers or encouraged or incited workers to attend it.

He is alternatively charged under a Transvaal Standard Council and Divisional Ordinance which prohibits parading or meeting in a public place without the written consent of the local authority.

The 26 workers — four men and 22 women — who have been re-employed at Chubby Chicks since the dispute, are charged with attending the meeting. They have all pleaded not guilty.

Yesterday several police officers, members of the Potchefstroom riot squad, told the court how they had gone to an open piece of ground alongside Chubby Chicks at about 12.30pm, where about 100 workers had gathered under some trees.

They were allegedly being addressed by Mr Sikkhahane, a Lieutenant-Colonel Heyl told the court he had asked Mr Sikkhahane whether he had a permit. He said no and was arrested.

Lt-Col Heyl allegedly twice ordered the workers to disperse.

When the workers failed to disperse, the riot police struck them with their sjamboks.

The workers scattered in all directions.

Workers were picked up at bus-stops and at other places in town.

The defence advocate, Mr Rodney Black, questioned how the police officers could properly identify the workers who were at the scene when they later arrested them.

Mr Black suggested that the workers were arrested only after informing the policemen that they worked for Chubby Chicks.

Some of the accused denied being arrested at the places and by the officers alleged.

The case continues.

Gerrie's ex-manager on culpable homicide charges

By MIKE LOUW
MR HENRY TUCKER, Gerrie Coetzee's former manager, appeared in the Johannesburg Magistrate's Court yesterday on charges of culpable homicide following a road accident.

Mr Henry Spencer R Tucker, 42, of Kings Road, Bedfordview, appeared before Mr D J du Plessis van der Walt.

The State alleges he killed two pedestrians, Mr Eric Brodsky and Mr Helmut Franz Mazagler.

He allegedly also drove a car while under the influence of liquor. According to the charge sheet his blood-alcohol content was 0,11 grams.

It was further alleged Mr Tucker failed to stop after the accident, failed to determine the pedestrians' injuries and failed to help them.

Mr Tucker, an attorney, pleaded not guilty to all the offences, alleged to have been committed along Claim Street in Johannesburg on October 22 last year.

A taxi driver, Mr Anthony Becker, said in evidence he noticed Mr Tucker driving a BMW car along Claim Street at high speed at about 12.10pm.

Mr Becker said he saw two pedestrians walking along the street facing on-coming traffic. He later noticed the BMW was involved in an accident and it was later driven against a red robot.

The trial continues today and an undisclosed amount of bail was extended.

Minister contradicts police statement

Political Correspondent
ASSEMBLY — The Government yesterday denied that the Protection of Information Act was invoked last week to block the publication of information about people detained in Daveyton on the East Rand.

The Minister of Health, Dr Nak van der Merwe, answering a question in Parliament on behalf of the Minister of Law and Order, Mr Louis le Grange, told Mrs Helen Suzman (PFP Houghton) that five people were arrested in Daveyton "on or about" June 9, of whom three were released on June 12.

An investigation into the cases of the two people still in detention was still underway and when it was over, the Attorney-General would decide whether they would be prosecuted or not.

Dr Van der Merwe denied that the provisions of Section 4 of the Protection of Information Act were invoked in connection with the publication of the detentions.

In a telex reply to a Rand Daily Mail request on June 11 for confirmation of the detentions, the Police Directorate of Public Relations said "In respect of the inquiry we wish to draw your attention

to the provisions of Section Four of the Protection of Information Act.

"No information in respect of this inquiry may therefore be published until further notice."

When asked if any of the detainees were members of Fosatu, Dr Van der Merwe said "yes", but declined to disclose their names because "it is neither in the public interest, nor in the interest of the persons concerned."

"The reason why they have been detained has, however, no connection with their membership of Fosatu," he added.

In reply to another question, Dr Van der Merwe confirmed to Mr Peter Gastrow (PFP Durban Central) that "a number" of people were detained in terms of Section 29 of the Internal Security Act "on or about" June 2.

In reply to another question by Mrs Suzman, Dr Van der Merwe said no detainees being held in terms of Section 28 (1) of the Internal Security Act were being paid allowances, but representations for the payment of allowances to five such detainees were being considered.

AV has editor's support

By TONY WEAVER
Mail Africa Bureau
WINDHOEK — The editor of the ultra-rightwing South West African publication, Die Stryder, Mr Frikkie Strauss, has been appointed to the Windhoek steering committee of the Afrikaner Volkswag (AV).

This was confirmed yesterday by Mr P W Moller, a lecturer at the all-white Windhoek Teachers' Training College, who is chairman of the committee.

The AV held its first meeting in the territory on Friday night, when the joint leader, Professor Carel Boshoff, addressed a secret meeting at a local hotel attended by about 50 people.

Others on the committee are Dominee Paul du Toit of the Nederduitse Gereformeerde Kerk's Moederkerk in Windhoek, Dominee Jacobus Viljoen of the Hervormde Kerk and Mrs S E Gerdes.

The sixth member's name is being kept secret but sources said yesterday he is the principal of an Afrikaans high school in Windhoek.

Also present at Friday night's meeting were Mr Sarel Becker, leader of the Herstigte Nasionale Party in SWA, and, it is believed, members of the SWA National Party.

Teachers' PM-council

By GERALD RILLY
Pretoria Bureau
TEACHERS want to know what action the Federal Council of Teachers' Associations will take if the Prime Minister rejects their plea for an earlier implementation of their salary increases.

The meeting between the Prime Minister and the federal council is due on July 4, when the council hopes Mr Botha will authorise a review of the December 1 implementation date.

Teachers' associations throughout the country have unanimously condemned the late dating of the increases, which they claim should have been granted in July or at the latest in October and the increases should also have been backdated, they say.

However, the Minister of National Education, Dr Gerit Viljoen, has strongly emphasised the reason for the delay in introducing the im-

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Muldoon won't

WELLINGTON — The New Zealand Prime Minister, Mr Robert Muldoon, said in Wellington yesterday that his government would not stop New Zealand's All Blacks rugby team from touring South Africa in 1985 if he was re-elected next month.

Mr Muldoon criticised the opposition Labour Party leader, Mr David Lange, of "appalling bad taste" for saying playing rugby against

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MATTER OF FACT

TO CORRECT specific errors of fact, write to the Editor at P O Box 1138, Johannesburg, or telephone the Editor's secretary at

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AA supports driving classes in schools

By IAN REID

come out strongly in favour of driving. come forward so that these attempts

Migrants benefit by agreement

THE Retail and Allied Workers Union (Rawu) signed an agreement with the management of Van Riebeeck Dairies last week which will give migrant workers greater security.

The majority of the workers at the dairy are migrants.

The agreement was reached after a strike by about 400 workers, all of them members of Rawu, at Van Riebeeck Dairy in Parow, over the lack of call-in cards.

This system allows migrant workers to be recalled annually without breaking their contracts. It opens the possibility for migrant workers to eventually apply for the right to live permanently in the urban areas of South Africa.

The agreement states that management will take up the cases of workers who have worked at the dairy for 10 or more years. Costs of such cases would be met by Van Riebeeck Dairies.

986

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28/10/84

Union to take firm to industrial court

THE Cusa-affiliate Food Beverage Workers' Union has declared disputes with three companies over trade union recognition, dismissals and abusive language.

The union's branch organiser, Mr Glen Mokoena, told **The SOWETAN** yesterday that the issues will be settled by the Industrial Court next month.

The union has applied to the court to reinstatement workers sacked by Dairy Maid following a strike action over the sacking of a colleague in February.

The colleague was dismissed after a quarrel arising out of a fight between a union organiser and a white supervisor. The supervisor had apparently used abusive language and assaulted workers

The union has also charged that Sacca Company has re-trenched its organiser and refused to recognise him. "We have since discovered that the member was actually not re-trenched, but was dismissed for organising other workers to join the union," he said.

The company's secretary, Mr S J van Heerden, said that they will defend the case in court. The company was in the process of discussing a recognition agreement with the union.

At Gravara Products near Silverton, management has intimidated and threatened to sack workers if they belonged to a trade union. The company has also challenged workers to go on strike because they will close the company and leave them jobless.

The Gravara management was not available for comment.

A spokesman for a Johannesburg firm of attorneys has confirmed that they will represent the union in the cases.

Mr Mokoena has added that they were taking the matter to the court for the protection of their members.



Some of the sacked North Coast sugar workers in Durban yesterday.

Sacked strikers appeal to consul

Mercury 28/6/84 ~~186~~ ~~186~~

Labour Reporter

THE 40 Transkeian nationals who were sacked from a North Coast sugar estate following a strike, yesterday appealed to the Transkei Consulate in Durban to help them get back their jobs

Mr Richard Gumede, the South African Allied Workers' Union representative in Stanger, led a deputation of the sacked workers to the Transkeian Consulate

He said they thought it was unfair that their employers, New Guelderland Sugar Estates near

Stanger, had reinstated other workers who had been on strike, but had refused to give them back their jobs

Pension money

'The 40 who were refused re-employment were among more than 400 workers who downed tools following a row with the management,' Mr Gumede said

'They felt that the company had been unfair by refusing to reinstate some of the workers,' he said

He also claimed that sacked workers had not

been paid their pension money and had to spend Tuesday night in the open after they had been evicted from company houses

Among the sacked workers was Mr Mondolokwe Mjikwa who had been with the company for 28 years

Ringleaders

Two other workers, Mr S Sangoozi and Mr N Mkhonko, had more than 10 years' service each and had received wrist watches to mark 10 years' service with the company

Mr Gumede said the company had refused to reinstate the 40 Trans-

keian workers because it claimed they had been 'ringleaders' in the recent work stoppage

The company's personnel manager, Mr G Wood, said he was not prepared to comment on the workers' allegations until he had received a statement from each of them

'I do not know whether these people were in fact employed by us in the first place,' he said

He declined to comment when he was told that the company's name appeared in the pass-books of each of the 40 sacked workers

its credibility of the Industrial Court as an avenue for resolving industrial unrest was on the line this week, until an 11th hour settlement was made by a chicken company.

Rainbow Chickens was reported to the police on Friday for failing to comply with an Industrial Court order made in early May and criminal charges were to follow.

However, late yesterday, following a Sunday Tribune probe, a settlement was reached — staving off a serious knock to the country's new labour dispensation.

Lawyers believed that if employers ignored rulings of the industrial court, workers would believe the court did not have teeth and would resort to other means of voicing their grievances — with serious implications for industrial peace.

At the centre of the issue were seven chicken slaughterers. The seven are young Muslim men who were employed to pray to Allah as they cut chicken throats (135 a minute) to fulfil Halaal requirements.

The slaughterers were employed by Rainbow Chickens at Hainmarðdale. They were sacked in February for refusing to work overtime.

They went to the Industrial Court and asked to be reinstated on the grounds that they had not contracted to work overtime. They said their dismissal was unfair labour practice.

The company's lawyers argued that they could not bring the case to the Industrial Court because they regarded the slaughtering area as a farm, not a factory. The workers were therefore not protected by industry's Basic Conditions of Employment Act, they said.

However, the Legal Resources Centre revealed that the area was zoned and rated as an industrial area and that for all intents and purposes the slaughterhouse was a factory and its workers, industrial workers.

The court accepted this. This signified a major breakthrough for other Rainbow employees because it granted them legal protection which they had not been accorded as farm workers.

The court also granted the seven slaughterers a reinstatement order.

But more negotiations followed after the company,

rather than take the workers back, decided to pay reinstatement and redundancy compensation.

A lawyer for Rainbow, Mr Malcolm Douglas, emphasised that the company had not ignored the court order and said it had, up until Friday, "by arrangement" postponed the settlement from one month to the next.

In dispute is what redundancy pay the seven workers should receive over and above the five months' salary they are to get in lieu of reinstatement. Mr Douglas said this last amount had not been paid as Rainbow was "considering" taking the case on appeal.

On Friday, the dismissed workers refused to accept an offer of two months' redundancy pay. Their lawyers sent a telegram to Rainbow, formally recording the company's refusal to reinstate the workers in spite of the order.

But after the Tribune contacted Rainbow's lawyers, a last-minute settlement was reached, which the slaughterers' lawyers say was effected only because of the newspaper's probe.

The implications of a company's refusal to comply with court orders were spelled out by a prominent labour lawyer, who cannot be named for professional reasons. "If employers are seen by the workers to be able to disregard the orders of the industrial court without fear of serious sanctions, then the credibility the industrial court has achieved in the minds of workers — an important factor in the maintenance of industrial peace — will be severely eroded."

"If they see that employers can ignore the orders with impunity, they will just go on strike — the only other alternative."

He suggested that the National Manpower Commission consider giving the Industrial Court more power, for example by granting it the jurisdiction to impose additional penalties if companies ignore court orders.

A lecturer in labour law at Natal University, Mr Nazeer Cassim, warned that workers would lose confidence in the Industrial Court if its orders were ignored by employers.

"Workers will lose respect for the Industrial Court and look for other avenues to voice their grievances."

He said it was unheard of for orders by the courts to be disregarded. To do so was a serious breach of justice.

Chicken firm toes line after report to police

1984
SUN, TRIBUNE
BY CAROLYN MCGIBBON

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Future of dairy staff in balance

By RIAANDE VILLIERS
Labour Reporter

THE future of 685 black dairy workers was in the balance early last night after they went on strike at Dairybelle's Western Cape headquarters in Epping yesterday morning.

The management of Dairybelle Corporation met a committee representing the strikers at 5pm yesterday. The talks deadlocked after management refused to negotiate while the workers were on strike.

Mr Martin Henning, Dairybelle's general manager in the Western Cape, announced yesterday morning he had decided to pay off the entire workforce for striking "illegally" for the second time in three months.

However, after the meeting yesterday evening the workers had not been paid off.

Contract

A Retail and Allied Workers' Union official last night said the workers' primary demand was for the introduction of a "call-in card" system, which would secure continued employment for contract workers. The workers also wanted facilities to cook their own food in the hostel.

The dispute disrupted milk deliveries in many areas of the Peninsula yesterday. Milk was delivered to wholesalers, but there were no home deliveries in a number of suburbs and townships.

To keep shop deliveries going, some drivers had picked up casual

workers off the street to assist them with the deliveries, the union official said last night.

According to striking workers, one foreman refused to go on strike. When they confronted him, he produced a firearm, the official said.

About 450 of the workers are contract labourers and the others township residents.

Yesterday morning Mr Henning said workers had gone on strike "without warning" after a demand that contract workers be placed on a "call-in card" system were discussed at a meeting with union officials and the workers' committee the previous day.

Rejected

He said the workers were "regarded as having dismissed themselves" after ignoring an ultimatum to return to work and would be paid off at mid-day.

The workers said they would not accept their pay packets. "We want to stay in our jobs — but we want our rights," a committee member said.

After negotiations, Mr Henning agreed that the union could try to persuade workers to return to work.

But he had continued to refuse to negotiate on any grievances while they were on strike.

A union spokeswoman later said workers had rejected management's stance. "They want to return, but want their demands to be negotiated now," she said.

5/7/84

MILK deliveries were disrupted today as the dispute between 600 Dairybelle workers and the company entered its second day

Workers who arrived at work in the early hours of this morning found the gates locked and hundreds of milkmen later huddled in the rain outside the factory

The dairyworkers downed tools yesterday in protest against the company's recruiting system

Workers want a call-in card system so that they are assured of their jobs when, in terms of the law, they have to return to their homelands

According to an official from the Retail and Allied Workers' Union (Rawu), workers are hired yearly by a company recruiter

The official said a meeting between the company and Rawu, which has about 600 members at the factory, had ended in deadlock yesterday

The general manager of Dairybelle, Mr Maarten Henning, said the workers would "dismiss themselves" if they had not returned to work by yesterday afternoon

Kitchen facilities

However, no workers have yet been formally paid off

Home and small business deliveries were disrupted and at least one major retail store had not received milk by mid-morning

Mr Henning was not available for comment today.

Workers said today they were prepared to work when the recruiting system dispute had been settled.

"The recruiter does not want the call-in card system because he is going to lose his bread," said one worker

The milkmen are also complaining about the hostel kitchen facilities

They want to cook their own food, instead of eating in a centralised kitchen, they said

Mr M F Ahmed of the Atlantis Traders' Association said no milk had been delivered to Atlantis for two days

"I drove into Cape Town yesterday — a return distance of 100 km — to fetch milk, but I could not get any

Milk deliveries are disrupted again

Labour Reporter

NATIONAL/INTERNATIONAL

Argus 5/7/84



Dairybelle dispute: Talks start

6/7/84 186

By RIAAN DE VILLIERS
Labour Reporter

HOPES for a settlement of the Dairybelle dispute rose yesterday afternoon when top management representatives started lengthy negotiations with more than 600 workers at the company's Western Cape headquarters in Epping.

Mr Martin Henning, general manager of Dairybelle in the Western Cape, began a meeting with workers and officials of the Retail and Allied Workers' Union early in the afternoon and the discussions were still continuing last night.

'Hoping'

A union spokesperson said the outcome was not yet known. "But this is the first time Mr Henning has met with the workers since the dispute started on Wednesday morning and we are hoping a settlement may be reached."

No management spokesmen were available for comment.

Meanwhile, the Cape Town and Sea Point Traders' Association threatened to boycott all Dairybelle products if the dispute was not settled.

Subsidiary

Its secretary, Mr Abduraghman Khan, said "We are a black traders' association and we are not prepared to trade with any company which does not meet the demands of its workers."

He said the association was discussing the situa-

tion with Rawu and would also approach the Western Cape Traders' Association.

In another development, Rawu officials contacted management of Imperial Cold Storage in Pretoria yesterday in an attempt to resolve the dispute. Dairybelle is an ICS subsidiary.

Milk deliveries were still disrupted in a number of Cape Town suburbs and townships yesterday.

A company spokesman confirmed that wholesale deliveries were still being made and that milk was available in cafes and supermarkets.

However, no home deliveries were made for the second day in succession and the company hoped to start restoring them "from today".

Gates locked

Workers arrived at the plant early yesterday morning. According to a union spokesperson they found the gates locked.

Earlier yesterday, Mr Henning declared that the company regarded all the workers as dismissed and they would have to reapply for their jobs. Labour officers had been sent to the Transkei to recruit new workers.

The workers' main demand is for the introduction of a "call-in card" system in terms of which their contracts will be automatically renewed each year. This demand has been met by several other dairies in the Cape.

He's great and

By STEPHEN WROTTESELEY
FORMER Springboks yesterday described Naas Botha as an excellent player and a great character — and said they would love to see him back in the ranks of amateur rugby.

However, they added that the rules of the SARB would have to be obeyed and two said they thought it highly unlikely that he would be readmitted as an amateur.

● Morne du Plessis, former Western Province and Springbok captain, said: "He's become a character and the game needs characters. It's an exciting possibility to have him back and it would be nice to see him play again. But it is up to the rugby board to see if the rules will allow him to play again. Whatever is decided, so be it."

● Wynand Claassen, former Springbok rugby captain, said:

Naas: Future up for debate

By IAN SMIT

THE issue of whether Naas Botha should be allowed back into amateur rugby will be discussed at the South African Rugby Board's executive committee meeting in Cape Town today, although no final decision on the former Springbok's future is expected.

Though there is a considerable amount of sympathy for Botha, informed feeling in rugby circles is that he stands only a slim chance of being re-accepted into the amateur code.

The board is likely to pass the matter on to its disciplinary committee at today's meeting, which could then quite possibly refer the matter to the International Rugby Board.

An uncomfortable precedent could well be created if the blond Northern Transvaal were allowed to play amateur rugby again.

Botha, who spent some 15 months in the United States exploring the possibility of becoming a grid-iron kicker before returning to South Africa two weeks ago, has applied through the North-

ern Transvaal Rugby Union to be reinstated as an amateur.

Botha is adamant that he did not at any stage receive grid-iron appearance money in the US but his travelling expenses and other factors are tricky questions and contravene the International Rugby Board's rules regarding professionalism.

Tour possibility

South African rugby fans and administrators alike will be hoping that some positive news regarding tours between South Africa and South America be made known at today's meeting.

The president of the SARB, Dr Danie Craven, recently visited a number of South American countries, and the executive will be considering his report-back at today's meeting.

A statement regarding the possibility of tours between South Africa and South America could well be issued after today's meeting, especially as Dr Craven encountered positive support for South African rugby during his tour.



Wynand ... the nr of r



Jannie brecht stands n

Pitt puts his foot in it, slips again

Own Correspondent

LONDON. — Mr Peter Pitt, the London councillor who attempted to ban Zola Budd from running, has slipped up again.

Mr Pitt has had to re-

singers

He claimed that Lord Goodman, chairman of the ENO, had written to him regretting that Willard White had not been given the role of Mone-

The Cape Times **Weekend Homefinder**

Good news for Homefinder fans

IN SPITE of an official boycott by estate agents and pressure on members of their institute to withdraw their advertisements from Homefinder the pioneering Cape Times supplement

Rat scar on V Coa

Staff F THE STA

Going multinational

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The 71-year-old Premier Group has lost none of the entrepreneurial chutzpah instilled by its principal founder, Joe Bloom. That much was shown by the events of last year, when Premier acquired 34% of SA Breweries (SAB) and catapulted into the top rank of SA's consumer-based companies.

Premier is now established as a giant on the corporate scene. In the 12 months to end-March, its attributable earnings rose 125% from R53,3m to R120,2m, capital employed rose 174% from R611,5m to R1 676,5m; and total assets were up 143% from R794,3m to R1 929,4m. Issued ordinary shares were increased to 56m (25,8m) after the SAB deal and market capitalisation, on the present share price of 2 250c, has soared to R1,5 billion from R658m a year ago — moving closer to the R1,96 billion market capitalisation of SAB, the leading consumer company.

Premier is now in a powerful position to continue its expansion. It has massive financial muscle and relatively low debt. And, after spending the past 12 months digesting the new interests, and with a new structure in place, the group seems to be gearing up for its next big move. Two events in recent weeks obviously presage expansions in new directions.

□ It bought out the Ovenstone family's interest in Ovenstone Holdings and took control of Ovenstone Investments (OIL). Just before this deal, OIL chairman Andrew Ovenstone announced that OIL had increased its stake in the listed Diroyal, which is planned to be a new industrial arm for OIL, whose other interests are fishing and property; and

□ In a move clearly preparing for a significant international expansion, Premier announced plans to become listed on the London Stock Exchange (LSE). The LSE listing is expected to be formally completed later this month.

Chairman Tony Bloom points out that Premier now sees itself broadly as a company making and selling consumer goods and services — which gives management wide options in planning new directions. The food division has been restructured as a separate operating company, almost certainly to be listed on the JSE, although Premier Food Industries (Premfood) chairman and group deputy chairman Peter Wrighton says there are no present plans for a listing.

Dependence on the tradition-

Premier's five-year objectives include achieving average annual real growth of at least 5%, and a consistent increase in shareholders' dividends. To meet this, further diversification is essential. Since its strength remains in foods, and local prospects are limited, it is going for a listing on the London Stock Exchange which should lay the ground for international expansion.



Chairman Bloom ... wide management options

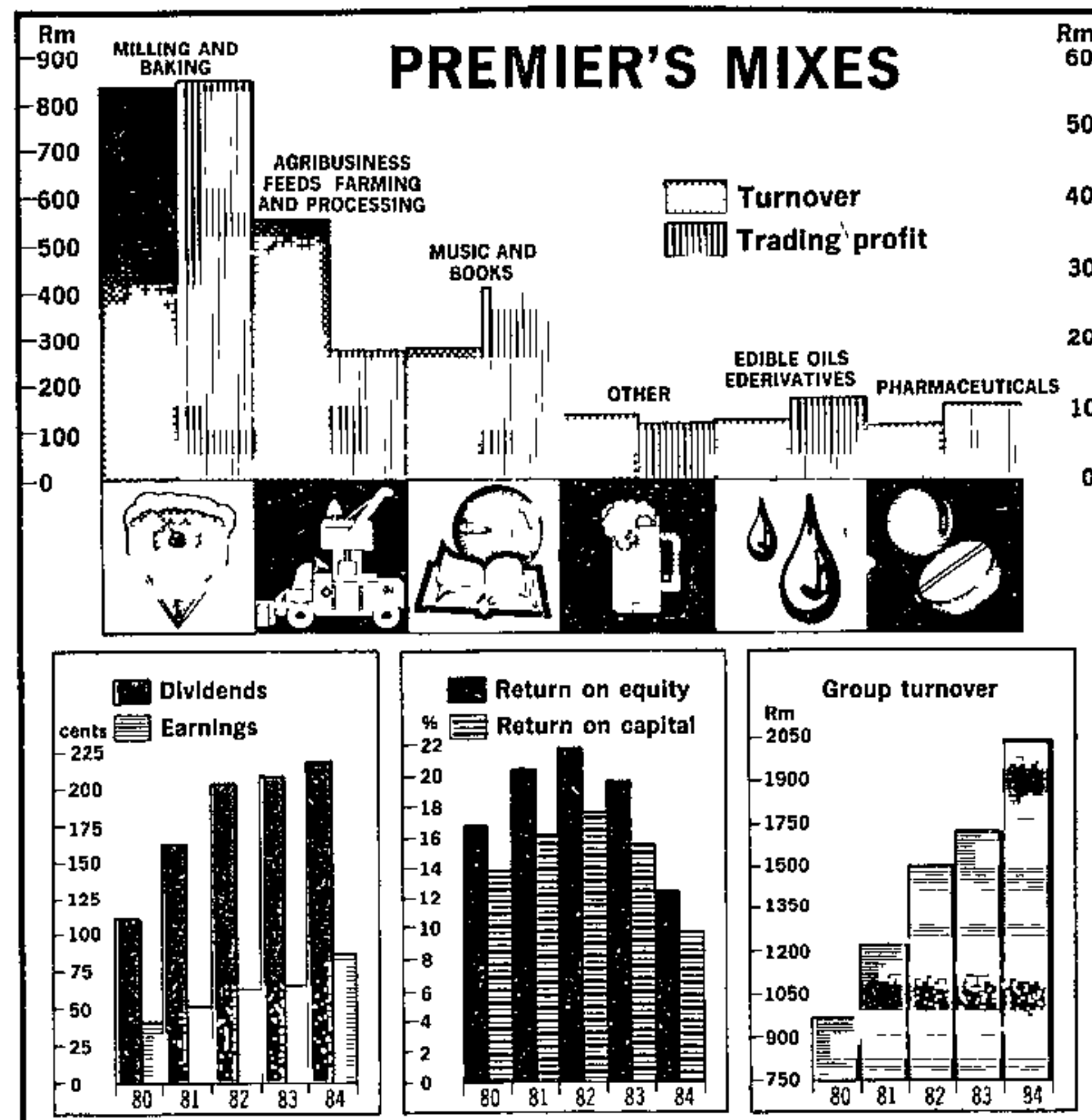
al food businesses has been reduced considerably. Apart from the stake in SAB, Premier has 29% of CNA (which it merged last year with Gallo), and a 50,1% interest in pharmaceutical company Twins Propan. But the group is still dependent on foods, which contributed 72% of the total trading profits of R137m last year. More diversification is probably essential if Premier is to meet its five-year objectives of achieving average real growth in earnings of at least 5%/year and consistently increasing shareholders' dividends.

Despite the expansion of the group's capital base, returns have recently fallen sharply. Return on capital employed fell from 17,4% in 1982 to 15,8% in 1983 and only 9,3% last year. Return on equity fell 21,7% two years ago to 19,7% in 1983 and 12,2% last year — although the capital restructuring was a factor in last year's decline (see graph). Like almost all consumer businesses, Premfood's profits have been depressed by drought and recession. But it also has to contend with government's price controls, which Premier's management argues are based on unrealistically low returns.

In the milling and baking division — the biggest single contributor to group turnover and trading profits — operating margins are only 7% and, for the short-term at least, earnings look set to remain depressed. Essentially, these businesses are in a cost squeeze, worsened by price controls. Wheat mills in northern areas, for example, were forced by the drought to draw supplies from the western Cape, but they could not recoup higher railage costs.

Consumers apparently took a dislike to the drought-induced mixture of white and yellow maize, and the maize millers' market declined last year. Short-term over-capacity led to severe price-cutting, while the poorer quality of imported yellow maize pushed up production costs. Better efficiencies probably offer the best hope of any near-term improvement in these areas. Following an internal reorganisation, prospects for Premfood's 57 bakeries have improved ahead of expectations, despite the margin increase of only 6% that government allowed last October.

Longer-term, there will have to be considerable capital investment in expansion of milling capacity. But Bloom argues that such investment will be difficult to justify against the



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return of capital allowed by the present price controls. He notes that the authorities allow a return of 15%/year on depreciated historical capital "Investing at 15% when the current cost of capital is over 20% can hardly be conceived as rational investment," he says "Moreover the historical base used for the calculation is about R60m, when the current replacement costs of the assets exceeds R500m"

In the agribusiness division, Premier notes that this year's consumption of animal feeds will depend on how much support farmers get from government, but present indications are for negative growth of about 4%.

Putting aside currently unattractive returns, Premfood has limited scope to increase its share of traditional food markets. It has large or dominant shares already, and these industries are largely carved up between a few giants — including Premier and Tiger Oats. There is, nonetheless, considerable room in other food-related activities.

One benefit of the OIL acquisition is the access to raw materials in fishing. Wrighton notes that Premfood is likely to seek further vertical integration in future, with the emphasis on the higher margin markets. This could include processing of many foods such as fish, dairy and meat products "We feel there is a lot of potential in convenience foods generally," he says.

Food consumption will rise at least in line with long-term population growth. Milling plant is already close to capacity, and projected demand will require considerable capital investment just to hold existing markets. Some R70m is earmarked for capex this year for expansion and modernisation. The annual figure is expected to average R100m-R120m over the next five years.

Bloom says that plans have not yet been formulated for OIL and its subsidiary Diroyal. However, this acquisition would obviously be a useful vehicle for expansions into new, high-technology areas such as consumer electronics, in which Diroyal is already involved in a small way.

But Premier's main expertise is in foods. The difficulty of increasing market share locally is the main motivation for the London listing and the plans to go multinational. The listing will make it easier for Premier to raise capital in overseas Eurocurrency and Eurobond markets and could also provide an avenue for raising funds by scrip issues without depressing the share price. Very few other SA industrial companies have expanded internationally — Plate Glass is a notable exception, and the Altron group says it plans to do so.

"It is time SA started developing its own multinationals," says Bloom. "We are generally putting the pieces in place so that when we want to make an acquisition overseas we will be able to move quickly. The eventual significance will depend on the opportunities. But it would need to be big



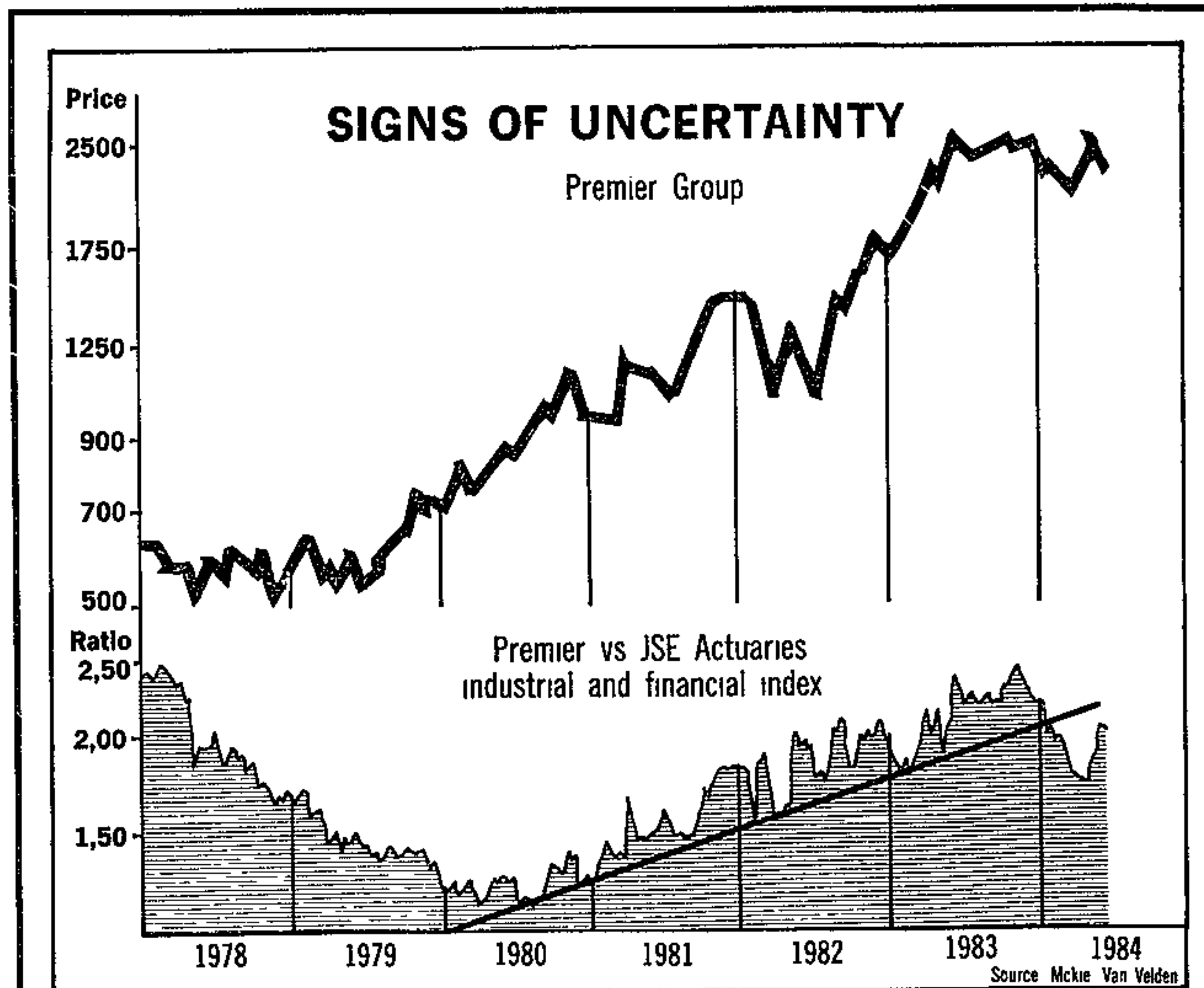
Premier on the move .. seeking international status

enough to justify the considerable cost and time involved, and would also be dependent on meeting Reserve Bank criteria"

Certainly, there will be no difficulty financing these plans. Despite the present debt of R350m, the ratio of interest-bearing debt to shareholders' funds is only 0,28. Total borrowing capacity has been increased to R2,5 billion from R430m last year.

As long as Premier remains dependent on consumer spending, its profits will be cyclical. Nonetheless, past diversification has substantially changed the earnings pattern and introduced contra-cyclical profit sources. Foods normally lag the general economic cycle by 12-18 months and are a relatively stable, if pedestrian, generator of profits. SAB and CNA/Gallo, by contrast, should have stronger recovery potential in an economic upturn. The market currently rates Premier on a dividend yield of 3,8%, a slightly lower rating than chief rival Tiger Oats's 3,3%. However, at this stage, medium-term to long-term prospects seem to be stacked in Premier's favour.

Andrew McNulty



The current tough conditions in the food industry are clearly reflected in the chart of Premier Group. After outperforming the industrial market since 1980, the price has met significant resistance above 2 600c. This has resulted in a major fall in the company's relative strength rating during the past year.

With the exception of a weak spell during mid-1982, Premier's price advanced strongly from a 1979 low of 535c. This was good enough to move the relative strength ratio from a low of approximately 1,25 in 1980 to 2,50 last year. However, Premier's inability to break

out above resistance sent the relative strength ratio down to 1,75.

While Premier's price refuses to buckle, the mere fact that it was unable to advance above 2 600c caused the ratio to collapse below the uptrend line. While the ratio has since recovered to nearly 2,0 at the current price of 2 250c, it remains significantly below the line indicated in the chart.

This suggests that Premier will be a mediocre performer for some time to come. Therefore, investors would be wise to wait until the price successfully moves above resistance before making purchases.

Stephen Richter

Argus 6/7/84
15/11/86

No milk as dairy dispute drags on

Labour Reporter

THOUSANDS of Cape Town consumers were without milk again today as the dispute continued between 600 milkmen and the city's biggest dairy, Dairybelle

No deliveries have been made to homes and small businesses in the southern and Atlantic suburbs for three days

The general manager of Dairybelle, Mr Maarten Henning, said he would dismiss the striking black workers today and replace them with new labour from Transkei

The company is using coloured drivers as substitutes for the striking workers to deliver to cafes and supermarkets

SYSTEM

The dispute centres on the effects of the contract labour system on workers with long service

They believe that because of the company's labour-recruiting system — whereby workers are not given call-in cards — their chances of obtaining permanent urban rights in terms of Section 101 (b) of the influx control legislation are being jeopardised

"Most of us are entitled to permanent rights in the city because we have worked for one company for more than 10 years. But when we go to the Western Cape Development Board office, they say we are newcomers because we are issued with a new contract every year," a shop steward said

PERMANENT

Mr Henning said he had told the workers yesterday that he regarded them as permanent employees, but was not prepared to sign a statement before he had consulted lawyers

He had verbally agreed to tell supervisors not to give workers more than 30 days' leave unless it was applied for in writing, although he had not agreed to call-in cards, he said

Mr Henning added that this system would guarantee workers' unbroken service. Call-in cards meant that workers could return to work "when they feel like it", which would unbalance his labour complement

"In the past — before this Section 101 (b) thing came in — workers used to ask me for four months off so they could plough their lands in Transkei. Now those with long service are complaining that they don't qualify," he said

No milk as strike goes on

CAPE TOWN. — Thousands of Cape Town consumers were without milk again yesterday as the dispute continued between 600 milkmen and the city's biggest dairy, Dairybelle

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The general manager of Dairybelle, Mr Maarten Henning, said he would dismiss the striking black workers yesterday and replace them with new workers from Transkei and Ciskei

The company is using coloured drivers to deliver to cafes and supermarkets

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service.

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"But when we go to the Western Cape Development Board office, they say we are newcomers because we are issued with a new contract every year," a shop steward said

Mr Henning said he had told the workers yesterday that he regarded them as

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Mr Henning added that this system would guarantee workers' unbroken service

Call-in cards meant that workers could return to work "when they feel like it". This would unbalance his labour complement.

"In the past — before this Section 101 (b) thing came in — workers used to ask me for four months off so they could plough their lands in

Transkei. Now those with long service are complaining that they don't qualify," he said

● Talks between the Retail and Allied Workers Union, the management of Dairybelle and 500 striking dairy workers had reached deadlock on the workers demand

Mr Henning said he would only negotiate with workers if they returned to work. He would not be "forced" into a settlement.

But he was willing to accompany two workers representatives to discuss their problems with the Western Cape Development Board

If a "call-in card" system is introduced the workers' contracts would be automatically renewed every year — Sapa

Dairy strikers receive support

By RIAAN DE VILLIERS
Labour Reporter

THE DISPUTE between Dairybelle and more than 600 black workers remained deadlocked yesterday when workers ignored two management ultimatums to return to work or be finally paid off.

Meanwhile, pressure on the company to accede to the workers' demands mounted further when the Western Cape Traders' Association declared it might call for a boycott of all Dairybelle products at an executive meeting to be held today.

The United Democratic Front also pledged its "full support" to the striking workers and said its affiliates were discussing "possible forms of practical support".

The dispute disrupted milk deliveries in the Peninsula for the third

day running. Wholesale deliveries continued but there were no home deliveries in a number of Cape Town suburbs and townships.

Several sources claimed factory supplies of other Dairybelle products such as fruit juice had been depleted and that deliveries would end on Monday.

They claimed there was "chaos" in the plant, which is staffed partly by white schoolchildren on holiday.

Mr Martin Henning, general manager of Dairybelle in the Western Cape, said the company would continue normal supplies to wholesalers.

"But we are in a crisis situation and anything can happen," he said.

Hopes for a settlement rose late on Thursday when Mr Henning negotiated at length with workers and officials of the Retail and Allied Workers' Union. But, union officials said, the talks failed when Mr Henning refused to accede to workers' demands in writing.

A union spokesperson said Mr Henning had given workers an ultimatum at 7am yesterday to return to work or be paid off — which workers had ignored.

At 1,30pm, Mr Henning gave workers a "final" ultimatum to return to work.

Speaking through a loud-hailer, he told workers gathered outside the plant to report for re-employment by 2,30 or collect their pay.

Workers again ignored the call. They said they wanted to return to work but were not prepared to do so before their grievances were met in writing.

"We will go back to work as soon as he signs — even today," they said. "But too many promises have been made in the past which have not been kept."

Mr Cecil Msutu, 54, who said he had been with the company for 26 years, declared "They can forget about us returning without meeting our demands. We can't go back to work without our rights."

A union spokesman said attempts were continuing to apply pressure on Dairybelle through its parent companies, Imperial Cold Storage and Barlow-Rand.

Mr Henning said later that workers were still welcome to return. "But labour officers have been sent to the Transkei and from Monday there may be less and less jobs for them to return to," he added.

Renewed negotiations were thought to be in progress last night.

The roof of the south transept of York Minster Cathedral ablaze early this morning. The cathedral was badly

Milkmen back at work

Labour Reporter

THE strike of 600 workers at the city's largest dairy, Dairybelle, three days, has been settled. Workers downed tools last week in protest against the company's labour-recruiting system. They were demanding a call-in-card system whereby their contracts would be automatically renewed each year when they returned to their home-

lands. An official of the workers union, the Retail and Allied Workers' Union (Rawu), said the milkmen agreed to return to work on Saturday on condition a call-in-card system, whereby workers would be given individual contracts, was negotiated.

In what was described as a "significant victory" the company had also agreed to grant workers only four weeks' leave, unless workers themselves requested long leave. In the past long leave has seriously affected workers' chances of getting permanent city rights.

The union agreed that the company should agree to grant workers only four weeks' leave, unless workers themselves requested long leave. In the past long leave has seriously affected workers' chances of getting permanent city rights.

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Argus 17/84 migrant labour issue settled

pany's right to dismiss workers for a valid reason would not be affected but dismissals would be investigated in the presence of worker representatives.

According to a union official, the company also agreed that a retrenchment procedure would be negotiated before any retrenchments were made.

A Rawu official described the agreement as a "significant victory for contract workers". The general manager of Dairybelle, Mr Maarten Henning, said he

Issue settled

was pleased the dispute had been settled in a "co-operative manner". However, he dismissed the union claim that the strike was a "significant victory".

"It's no victory. My demand all along was for them to go back to work before we negotiated. We accepted the call-in-card system from the beginning on condition that we could regulate our labour supply," he said.

Mr Henning said the workers had accepted the company's conditions for instituting call-in cards.

Teenag Wins surfing classic

Argus Bureau
PORT ELIZABETH — Young Australian professional surfer, Mark Occhilupo, has won the R10 000 Country Feeling surf classic in disappointing 1.5m waves at Jeffrey's Bay.

More than 2 000 spectators perched on sand-dunes saw Occhilupo out-manoeuvre second-placed American Hans Heideman in two 30-minute man-on-man final heats.

Occhilupo, who leads the professional surfing ratings, thrilled the crowd with stunning off-the-lip re-entries.

The 18-year-old, who turned professional when he left school at 16, beat world champion and fellow-Australian Tom Carroll on his way to the final year's contest. Miss Cheron Habib said next of more than R25 000.

OSIRIA

Dairy workers strike: Seeking job continuity

PIPPA GREEN, The Argus's labour reporter, looks at the recent strike of milk delivery men

RECENT labour unrest in Cape Town's dairy industry has touched at the heart of the contract labour system in South Africa.

Last week's strike by 600 workers at the city's largest dairy, Dairybelle, is the fourth to hit local dairies in two months.

In all the strikes, the dairyworkers' demands have been the same and have been brought forcefully and often inconveniently to the attention of thousands of non-African Cape Town people whose home milk deliveries have been disrupted.

Many years of migrant labour, the uncertainty of living apart from their families, the anxiety of not being automatically assured of a job at the year's end and rebellion against hostel life are largely responsible for the current spate of unrest.

At the major Cape Town dairies — Dairybelle, Van Riebeeck and Union — workers have demanded that the companies' labour recruiting system be changed.

More than two years ago, long before the Retail and Al-

lied Workers' Union appeared on the scene, striking Van Riebeeck workers claimed they were put back on a basic wage after returning to the homelands to renew their contracts.

Rawu now has substantial membership among dairyworkers who are spelling out their aspirations more clearly.

Workers claim the lack of individual contracts or "call-in-cards" has seriously jeopardised their chances of obtaining permanent urban rights in terms of Section 10,1 (b) of influx control legislation.

Section 10,1 (b) applies to workers who have worked for the same firm for an unbroken period of 10 years.

"Unbroken period" has always been a contentious legal issue and the introduction of black labour regulations in 1968, which made it compulsory for a migrant worker to return to his homeland to renew his contract, affected tens of thousands of migrants with long service.

But in two historic Supreme Court cases in 1981 involving Johannesburg worker, Mehlolo Rikhoto and a Cape Town man,

Stanford Booie, the court ruled that the four week return to the homelands at the end of the year was normal annual leave, which did not constitute a break in service.

Difficult as it is to establish the city rights of long-term migrant workers, it is almost impossible, say labour lawyers, to win a case for a man who has taken three or four months unpaid leave within a ten year period.

And dairyworkers feel this is the crux of the matter.

A call-in-card system, whereby migrants are recalled annually without breaking their contracts, they say, would prevent companies sending them home on long leave.

Dairy company managements say they are willing to make certain changes to suit the workers, although some still want to regulate the flow of labour to the factory.

Mr Lloyd Whitfield, managing director of Van Riebeeck, said the company was assisting workers to apply for Section 10, 1 (b) rights.

Both he, and Mr Maarten Henning, general manager of Dairybelle, claimed that workers had in the past asked to go home for long periods.

"Ten years later, they blame us for not getting their Section 10 rights," Mr Whitfield said.

Mr Henning although initially reluctant, has agreed to institute a "call-in-card" system provided that he is able to "regulate" the labour supply.

But there is another aspect to migrant labour, which has sparked off strikes.

Company hostels, the city homes of many thousands of married men, are often a major bone of contention in industrial relations and Dairybelle workers have complained bitterly about the centralised hostel kitchen.

It is a point which has been difficult for white management to understand.

"The hostel is one of the most modern. It cost me R1.2-million to put up. I have hired a professional company to cook traditional Xhosa food. Now 450 men tell me they want to cook their own food," Mr Henning said.

Mercury 1/7/84

Bakery strike hits capital

Pietermaritzburg
Bureau

WORKERS went on strike at a bakery in Pietermaritzburg, leaving many people in the capital and surrounding areas without bread yesterday

The strike, apparently over a wage dispute, began on Monday night and production at Oxenham's Bakery is said to have been seriously affected

A number of cafe and tea-room owners queued up to collect their bread early yesterday morning, and according to one owner, production had dropped from 7,000 loaves an hour to 400 an hour at one stage

Cafes which relied on deliveries said they received fewer loaves than usual while some got no bread at all

One cafe owner was rationing his stock by selling half-loaves only

A Howick mini-supermarket owner said he was annoyed he had not been warned that no delivery would be made

'I can understand their problems, but they should have informed us so we could make other arrangements'

Loaves of bread from Durban started arriving late yesterday afternoon

The bakery's only spokesman, general manager Mr H Fleet, was not available for comment.

It is understood that workers have asked for higher wages

Port Alfred's ⁽¹⁸⁶⁾ S. Post 25/7/84 bakery may close

Post Reporter

RUMOURS that Port Alfred's only bakery is to close down could not be confirmed today.

Many residents have expressed concern about where their bread supply will come from.

According to the owner of a mini-market, Mrs Mavis Damana, the bakery is to close down on Monday and the onus of supplying fresh bread will now fall on the Grahamstown Bakery.

"They used to deliver bread a long time ago when our bakery could not cope with the demand," she said.

A spokesman for the Grahamstown Bakery said they had heard the Star Bakery in Port Alfred was closing down, but could not comment on who would be supplying the town's residents with deliveries of fresh bread if this should happen.

No one at the Star Bakery could be contacted for comment today.

26/7/82 (186)
S. Post

Call for creation of jobs in Port Alfred

By JIMMY MATYU

RESIDENTS of the black township of Port Alfred are planning to send a petition to Dr Piet Koornhof, Minister of Co-operation and Development, asking for the creation of new job opportunities for them to avert the possibility of an increase in crime and tuberculosis

This has been brought about by the intended closure of Port Alfred's only bakery and the Kowie Hospital

Mr Thobile Gqolodashe, acting chairman of the Port Alfred Civic People's Organisation, said people were feeling insecure and unhappy about the state of affairs in the town

He said it came as a shock to him and many residents to read in a newspaper yesterday that the Star Bakery was to close on Monday

Mr Gqolodashe is employed as a clerk and supervisor at the bakery

"I only learnt about this yesterday and on making inquiries I drew a blank from my immediate superiors," he said "But if this is true, all employees here have been dealt a serious blow"

Mr Gqolodashe said the Star Bakery would be the third place to close this year

Last month Buffalo Timbers closed and about 40 labourers lost their jobs

Mr Gqolodashe said in March the Minister of Health and Welfare, Dr C V van der Merwe announced that the in-patient section of the Kowie Hospital would be closed from February 1 next year

All I have is a vision of more hardship and suffering for the residents," he said

"This will also affect the schooling of our children as we will not have the money to pay for their fees and uniforms They will be forced to walk the streets and join the crime stream

By STEVEN FRIEDMAN
Labour Correspondent

Maternity leave for sweet workers

FOSATU'S Sweet, Food and Allied Workers' Union and the Kellogg company have signed a maternity leave agreement for women workers at the company's Springs plant.

The union yesterday described the move as a milestone agreement.

A union statement yesterday said the agreement was the third it had negotiated with Transvaal employers this year.

Maternity leave has become an issue of growing importance in Fosatu unions, who have been pressing for maternity agreements with employers who recognise them.

The terms of the Kellogg agreement do not go as far as those recently negotiated between Fosatu's Chemical Workers' Industrial Union and the Pinetown firm, NCS Plastics — which will provide women on maternity leave with one third of their salary — but the union sees it as a key advance for Kellogg workers.

A company spokesman yesterday confirmed the terms of the agreement.

The union's statement said the agreement had been negotiated between its Kellogg shop stewards committee and the company and would come into effect on August 1.

According to the statement, the terms of the agreement are

- Women with 12 months'

service would be retained on the company's books for a period of twelve months after stopping work, provided they "indicate in writing (their) desire to return to work"

- Women taking maternity leave would receive a "lump sum" payment equal to four weeks' pay

- They will also continue to enjoy medical aid and pension benefits while on maternity leave

In the statement, Fosatu's president, Mr Chris Dlamini, who is also chairman of Kellogg's shop steward negotiating committee, expressed appreciation to Kellogg management for "their progressive thinking on this issue"

A company spokesman confirmed the agreement and noted that black workers at Kellogg did not have to contribute to the company's medical aid fund

This meant, he said, that women on maternity leave would be able to enjoy medical aid benefits without contributing to a fund.

Maternity benefits deal for another Fosatu union

Staw
27/7/84
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By Carolyn Dempster,
Labour Reporter

Another maternity agreement has been negotiated by an affiliate of the Federation of South African Trade Unions (Fosatu)

This week the Sweet Food and Allied Workers' Union (SFAWU) concluded a maternity package for its female members at the Kellogg Company's Springs plant

RETAINED

In terms of the agreement, which comes into effect on August 1;

- Female employees who have completed a year's service will be retained on the company books for an additional 12 months provided they indicate their intention to return to work

- Women taking maternity leave will receive a lump sum payment equivalent to a month's wages and will continue

to get medical aid and pension benefits.

Mr Chris Dlamini, president of SFAWU, which is an affiliate of Fosatu, and chairman of the shop steward negotiating committee, expressed appreciation to the management of Kellogg for their "progressive thinking" on the issue of maternity leave

IMPORTANCE

The agreement is the third such agreement signed by a Fosatu union within the past three months — an indication of the increasing importance the unions are beginning to place on maternity benefits

To date the the most beneficial of the maternity benefits agreements signed by a Fosatu union has been the agreement between the Chemical Workers' Industrial Union and NCS Plastics of Pinetown.

ROM 7/8/84 (186)

Labour Correspondent

A PRETORIA cold storage firm has denied claims that it refused to recognise a trade union because it was unregistered.

The company, Hercules Cold Storage, also warned it would institute legal action against the union, the National General Workers Union, if it carried out a threat to launch a consumer boycott of the company's Hansa meat products.

It also charged that the union failed to provide it with proof that it had complied with the duties imposed on unregistered unions by labour law.

Last week, the general secretary of the NGWU, Mr Donnie Kumalo, charged that the company, which he referred to as Hansa Meats, had refused to recognise the Retail and Allied Workers Union, which was recently set up by the NGWU.

Firm's wrangle with union

Mr Kumalo said the company told him its lawyers had said it could not recognise the union because it was unregistered. The union had declared a dispute with the company and was considering a boycott.

A letter from the company's lawyer denies that the company has had dealings with RAWU, but says it has been negotiating with the NGWU.

"So far as we are concerned the negotiations are not concluded," it said.

The letter said the company asked the NGWU to provide "confirmation that (it) has complied with those obligations imposed by the Labour Relations Act upon unregistered unions." It had not done so.

The Act requires these unions to provide information to the Department of Manpower. If they do not, agreements between them and employers cannot be enforced in the courts.

RDM 8/8/84 186

Union to launch boycott of company

Labour Correspondent

THE National General Workers' Union (NGWU) says it will formally launch a consumer boycott of a Pretoria meat company at the weekend — despite a threat from the company to take legal action against the union if it organises a boycott.

The NGWU's general secretary, Mr Donsie Kumalo, said yesterday he would call for a boycott of Hercules Cold Storage, which processes Hansa meat products, at an anti-tricameral parliament rally in Mamelodi

township outside Pretoria on Saturday

In a letter to the Rand Daily Mail on Monday, the company's lawyers said Hercules Cold Storage had been advised that a consumer boycott was illegal and would "take appropriate steps" if one was launched.

But Mr Kumalo said. "They can take whatever action they choose."

The NGWU claims the company refuses to recognise the Retail and Allied Workers' Union, which the NGWU recently set up, because it is unregistered

Natal workers down tools over provident fund

By STEVEN FRIEDMAN
Labour Correspondent

Workers at three plants owned by Tongaat Foods were on strike yesterday — at least two of them in support of demands that their pension money be returned.

The strikes come as Tongaat-Hulett's is planning to launch a new provident fund.

But the African Food and Canning Workers Union (AFCWU) warned yesterday that Tongaat's insistence that workers not be allowed to withdraw money from the existing fund — which sparked the strikes — could jeopardise talks on the new fund.

The general secretary of AFCWU, Mr Jan Theron, said the union had been negotiating with the company for five months over worker demands to withdraw their money. "But they refuse to even consider this," he said.

On Monday morning, about 280 workers at Tongaat Oil and Food Products in Natal struck in support of demands that they be allowed to withdraw their money from the

company pension fund.

They have been told to report for work early today or face dismissal.

Yesterday, about 500 workers at two other Tongaat plants, Isando Milling and Kempton Park Milling, also struck.

The managing director of Tongaat Foods, Mr Simon Docherty, said yesterday Transvaal strikers might also face an ultimatum to return to work or be fired.

"The new fund is not at issue in the dispute. We are prepared to consider it but the fact that Tongaat refuses to allow workers to withdraw money from the existing fund is hardening worker attitudes towards the new fund."

Mr Docherty confirmed yesterday that Tongaat Foods regarded worker requests to withdraw their pension money as "non-negotiable".

"We believe withdrawals would jeopardise the interests of long-serving workers and would not be in the interests of the workforce," he said.

5 ROM 9/18/84

Firm fires 320 stay-out strikers

By STEVEN FRIEDMAN
Labour Correspondent

MORE THAN 300 workers at Tongaat Oil Products' Durban plant — who are striking in support of demands that they be allowed to withdraw money from the company pension fund — were fired yesterday after ignoring a return-to-work ultimatum, a company statement announced.

At the same time strikers at two Transvaal Tongaat group mills — Isando and Kempton Park — returned to work yesterday morning.

A representative of the African Food and Canning Workers Union (AFCWU), to which the strikers at all three plants belong, said yesterday the union would seek a meeting with the company to demand the reinstatement of the fired workers.

She said strikers at the Transvaal mills, who stopped work in sympathy with the

Natal strikers and in support of demands for wage negotiations, had returned on the understanding that talks would take place on their demands.

The strikes follow five months of talks between the AFCWU and Tongaat over worker demands to withdraw from the fund.

The AFCWU has warned that there is a threat of unrest at other Tongaat plants over the pensions issue.

The company's statement yesterday said 320 workers at Tongaat Oil Products had been fired after "repeated" requests by the company that they return.

Mr Simon Docherty, managing director of Tongaat Foods, said the company's view was that allowing workers to withdraw money from the fund would not be in their interests and would particularly harm long-serving workers who stood to lose "substantial accumulated benefits".

argus 13/8/84

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NATIONAL

300 workers fired in pension dispute

Labour Reporter

MORE than 300 members of a Cape Town-based trade union have been dismissed from Tongaat Oil Products after downing tools in protest at the company's pension fund policy.

The workers, from the company's Durban factory, demanded that they be allowed to withdraw their pension fund contributions without having to resign.

The workers' union, the African Food and Canning Workers' Union, has been negotiating the pension fund dispute with the company unsuccessfully for five months.

General-secretary of the AFCWU, Mr Jan Theron, said workers wanted a "freedom of choice" about whether to belong to the pension fund or not, but the attitude of the company had been that the issue was "non-negotiable".

"Ridiculous"

"It is a ridiculous situation when workers with up to 40 years' service are dismissed for something which the management says is a benefit to them."

Mr Simon Dougherty, managing director of Tongaat Foods, said the company would not allow workers to withdraw their contributions to the Tongaat-Hulett pension fund "because it would violate their conditions of employment".

"Furthermore, it is not in the interests of employees, especially long-serving employees, to withdraw their contributions, as they would lose the substantial accumulated benefits which would accrue to them."

RDM 13/8/84

□□□
157 R6 013

LAST week provided another reminder that the pensions issue which prompted unrest in 1981 is not dead

Giant food company Tongaat-Hulett's was hit by three strikes, at least two prompted by worker demands to withdraw money from the company pension fund.

Tongaat — which faced pension strikes in 1981 — won't consider this in a stance identical to that of employers then, it says the fund is in workers' interests, particularly those near retirement.

This may be so, but the strikers insist on

making their own decisions about what is in their interests

Ironically, the conflict may scuttle attempts by Tongaat to introduce a new provident fund which, unionists say, may answer many of their members' criticisms of existing funds

The planned interest rate is higher than that of other funds and workers would receive a lump sum on retirement, (unions say monthly payments often don't reach workers in homelands)

But the African Food and Canning Workers Union says Tongaat's stance on demands to withdraw from the present fund is hardening worker attitudes to the planned one, which is yet to be discussed with it

Obviously, the communications problems which were said to cause the 1981 unrest have not disappeared

Strike takes a slice off bread supply

Mercury Reporter

BREAD deliveries in Durban were disrupted by a strike yesterday morning

Bakers Bread Limited was hit by a six-hour-long stoppage to back workers' demands for more pay.

Some of the drivers did not join the strike, and many shopkeepers collected their own supplies

Talks

They arrived with private cars and vans to fetch their bread from the bakery in Congella

About 600 workers walked out at 5 a.m. and assembled at the gates

Representatives of the Sweet, Food and Allied Workers' Union later had talks with the management

Mr Thami Mohlomi, a union organiser, said the workers rejected a company pay offer of R12 50 a week. They wanted a rise of R20 across the board. They also wanted the minimum wage raised to R92 a week

Mr Mohlomi said 'As things are, the minimum wage accepted in the Industrial Council is R75,

and R82,50 after a year's service.'

He said the workers decided to demonstrate their rejection of the company offer 'However, as the dispute will have to be referred back to the Industrial Council, all the strikers returned to work at 11 15 a.m.' he said

Mr Maurice Grant, the firm's managing director, apologised to customers.

Concern

He said the bulk of the 6 a.m. bread delivery went out as normal, but there was no bread baked for the second delivery. Most of the confectionery was delivered.

He said the company had granted a pay rise of 17,9 percent for grade three labourers, which was very high. But the union was demanding an increase of 28,6 percent

Mr Grant added 'It does concern me that the trade union claimed the workers went out on strike without its knowledge. This is the third strike since dealing with this union.'



Fired Tongaat strikers back at work

Labour Correspondent
STRIKERS at Tongaat Oil Products' Durban plant, who were fired last week after downing tools in a key pensions dispute, returned to work yesterday after an agreement between the company and the African Food and Canning Workers Union.
The return-to-work also signals the end of a pensions

dispute between Tongaat and AFCWU which jeopardised the introduction of a new Tongaat provident fund which answers many union and worker objections to existing pension funds.
The 320 strikers had demanded that they be allowed

to withdraw their money from the Tongaat-Hulettis pension fund. The company refused to allow this unless the workers resigned.
AFCWU's general secretary, Mr Jan Theron, said yesterday that the return-to-

work meant that the workers had technically left the company and rejoined it, which meant they would be allowed to withdraw their money from the fund.
However, they would lose some leave benefits.

Mr Theron described the agreement as a "compromise". He added that workers had now agreed in principle to join the new provident fund, which has been accepted by other unions with members in the Hulettis-Tongaat group.

Sweet success

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Supplement to the Daily Dispatch, Wednesday, August 15, 1984 — 19

Wilson-Rowntree: a confident future

Wilson-Rowntree, established in East London more than eighty years ago, continues to take sweet steps forward. These steps include increased sales turnover and investment in new production capacity and employee amenities, indicating levels of training and involvement in the communities of East London and Ciskei.

Against a background of economic recession and severe drought in many parts of South Africa the past year has indeed been tough for most industries and the chocolate and sugar confectionery industry was no exception.

However, very few products enjoy the universal appeal and distribution of Kit Kat, Bar One, Tex, Smarties, Quality Street, Toff-O-Luxe, Wilson's XXX Mints and Wilson's Mentholypus.

The strong consumer support these, and other products receive, has allowed Wilson-Rowntree to demonstrate its confidence in the future through further and bigger investments in its products, buildings, plant and people.

Wilson-Rowntree is a member of the successful international group Rowntree Mackintosh and 1983 was a year of international growth for the group. Rowntree Mackintosh achieved international sales of over R1 700 million and its 11 200 employees

was recently completed and building work is currently underway on new breakroom facilities. Additional recreational facilities and an area dedicated solely to training are planned for the near future.

The East London factory and head office complex employs over 2 000 people and their earnings represent a major cash injection into the economies of the Border and Ciskei regions.

Wilson-

Rowntree's impact on the East London industrial scene however is not only confined to its own employees and operation. The East London harbour is used extensively for many raw materials, particularly cocoa beans and other specialised items which come from overseas.

Many of the wrappers and cartons used to pack the various products are printed and produced locally. The company en-

deavours to purchase its needs from local suppliers wherever possible.

Although the Wilson-Rowntree operation is centred in East London, its influence extends throughout the whole of South Africa. The retail and wholesale trades are serviced from depots in Johannesburg, Cape Town, Pretoria, Durban, Pietermaritzburg, Vereeniging, Welkom, Port Elizabeth, George and Bloemfontein. The

Wilson-Rowntree sales and merchandising force ensures that their brand leaders are in stock and on display throughout the country.

The company's involvement in the community takes many different forms. Smarties is sponsoring the Round Table mini-railway project at Marina Glen and this has been extended to a similar project in Port Elizabeth. The company has also made generous donations to

the Mayor's Feeding Scheme and its employees staged a collection which helped the Border Kidney Association obtain an additional kidney machine for use by all races at the Frere Hospital. It is involved with the Mzomhle High School in Mdantsane through Read's "Adopt a School" scheme and is assisting the University of Port Elizabeth to provide teaching assistance to two high schools in Ciskei.

A further interest in environmental education at Ciskei's Tsoiwana Game Ranch. A programme to increase public awareness of conversation particularly amongst young people, has been developed and a number of employees children have already started attending courses at the ranch.

It is a case of sweet steps forward with full confidence in the future at Wilson-Rowntree

throughout the world were kept very busy meeting the consumer demand for its products, in such widely diversified markets as Europe, United Kingdom, the Middle East, the Far East, USA, Canada and Australia. Many of these products are well known in South Africa.

The company contributes this success, both local and international, to a combination of —

- Meticulous attention to the needs of the market in terms of basic product formulation and maintenance of the highest possible standards of quality,

- consistent cost effective advertising to create an awareness of, and a unique personality for each product combined with mass production facilities to give low unit costs and high value for money for consumers

- efficient methods of distribution ensure the products availability in the widest possible number of outlets

To meet the demands of the growing market Wilson-Rowntree has a continuous programme of modernisation and improvement. The company's long involvement in the confectionery industry means that Wilson-Rowntree products are backed by a combination of traditional confectioners skills and up to date technology.

An important consideration at Wilson-Rowntree is the well being and development of its employees. The factory conditions and welfare amenities are of a high standard with emphasis on training and development. The multi-racial apprentice training school is one of the largest of its kind in the Border region.

A new R2 million changing room complex for all factory employees

~~185~~ 186
**Bakery
venture**

D. Aspirant 15/8/82
KING WILLIAM'S TOWN — Bakeries are to be established at Bisho, Mdantsane, Alice and Peddie as a joint venture between the Ciskei Agricultural Corporation and South African Wheat Board

This was confirmed here yesterday by a spokesman for the corporation

A holding company to assist aspirant Ciskeian entrepreneurs is to be registered in Ciskei —
DDR

400 Isando strikers fired

By JOSHUA RABOROKO
 MORE THAN 400 workers employed at Simba Chips, Isando, have been sacked following a two-day strike in protest against the dismissal of three union shop stewards.

Mr Chris Dlamini, president of the Sweet Fruit and Allied Workers' Union representing the workers, said that management has refused on several occasions to resolve the matter with the union leaders.

The strike was sparked-off after workers had refused to work "double-jobs" Shop stewards took the matter to management in an attempt to resolve the issue, but met with no success.

A company spokesman confirmed that workers who went on strike, were given an ultimatum, and subsequently dismissed.

Meanwhile more than 750 workers at BB Bread in Natal, members of SFAWU, went on strike on Monday,

Unrest at the chips factory

demanding wage increases other than those negotiated at the Industrial Council

Raw deal

In another labour issue involving SFAWU, a wage dispute between the union and the Imbali Brewery in KwaZulu has been resolved, according to a statement by both parties. The workers demanded a minimum wage of R300 per month.

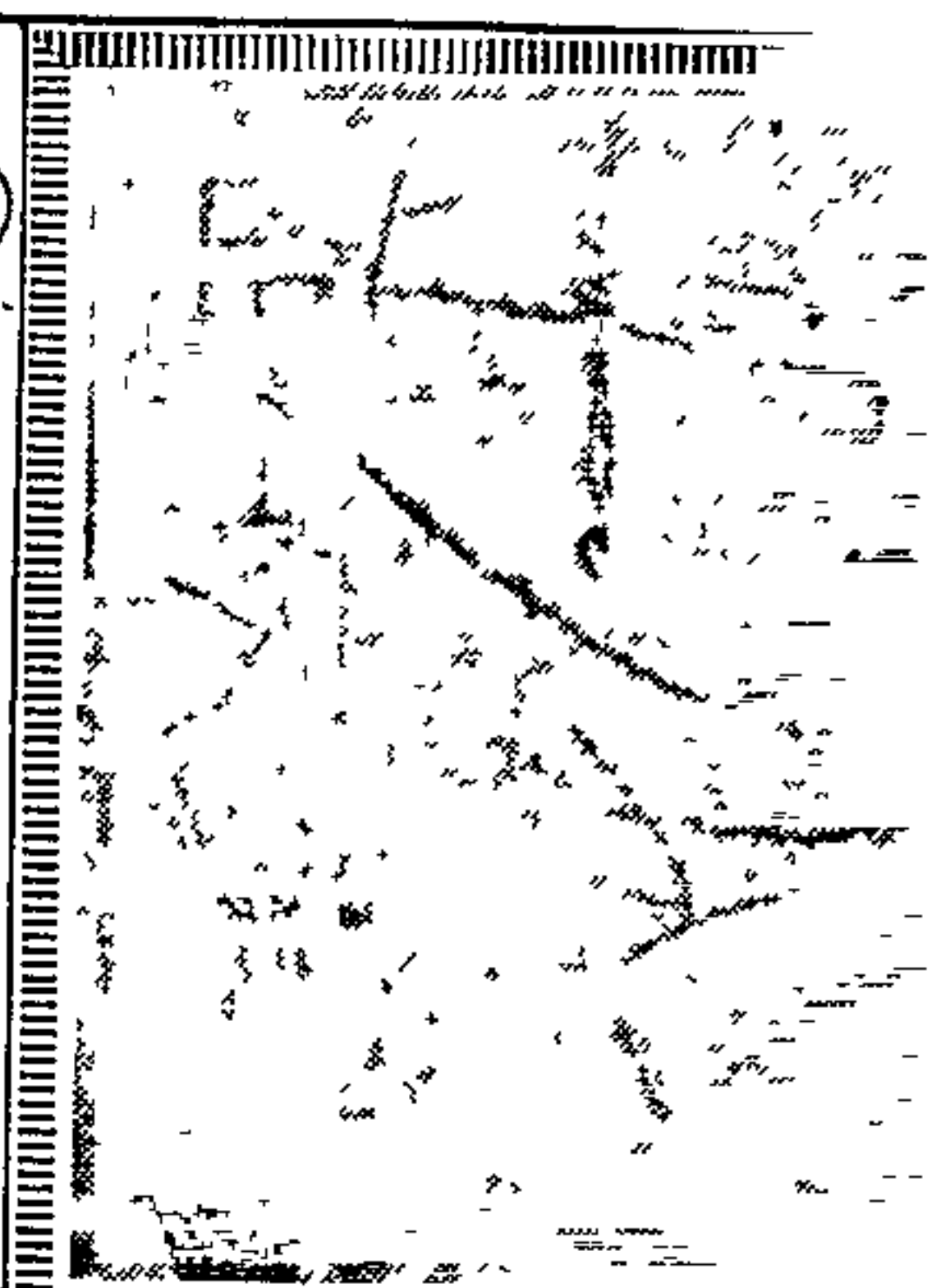
Regarding the Simba issue, Mr Dlamini, who is also president of Fosatu, said that he personally intervened in the matter, but was given a "raw deal" by management despite the fact that "we have a recognition agreement with the company".

"We are at the moment trying to find means of fighting the issue in court because we

feel management has not bargained with us in good faith," he said.

Two companies in Durban and Uitenhage — Tongaat Oil Products and Volkswagen — have successfully negotiated with trade unions representing over 4 000 workers to return to work following strikes. The unions are the National Automobile and Allied Workers' Union and the African Food and Canning Workers' Union.

However the director of the Centre of Applied Social Sciences, Professor Lawrence Schlemmer, has announced that only between 16 and 20 percent of South Africa's labour force presently belongs to trade unions. He has predicted more strikes will take place and that unemployment will escalate.



FASHION: The nearest place to Soweto, was caught

THE G

SOWETO'S makgotla are now back as part of a new drive to wipe out crime.

The unlikely-looking "policemen," dated methods of investigation, experienced thieves from their crime confessing from them with threats no prosecution if they co-operate.

And this seems to be working. A reporter, who was invited by a Mr Swane, the leader of the Zondi makgotla shown items of stolen property which ranged several kilometres away from owners. The articles ranged from clothes and a TV set and an electric stove.

They were all recovered after the others missing to the makgotlas. "We always get our man," Mr Lu looking proudly at his "squad" which his children.

Since they started tackling petty crime has always been successful. "In some beaten the police at their own game," wane said. He gave an example of a leather coat which was stolen in the and sold in Dobsonville.

Mugabe names his Politburo

HARARE — The 14 people named to occupy the positions of power and influence in Zimbabwe as members of the newly formed Zanu (PF) Politburo are as diverse a group as any to be found in the country.

After Mr Robert Mugabe, the party First Secretary, follow in order of seniority Mr Simon Muzenda, Mr Maurice Nyagumbo, Mr Enos Nkala, Dr Herbert Ushewokunze, Mr Emerson Mnangagwa, Mr Didymus Mutasa, Dr Nathan Shamuyarira,

Dr Dzingai Mutumbuka, Mrs Teurai Rhopa Nhongo, Mr Ernest Kadungure, Lt General Rex Nhongo, Air Vice-Marshal Josiah Tungamirai and Dr Sydney Sekeramayi.

Contrasting

The party constitution provides for 15 members but the Second Secretary, Mr Muzenda, is to head the Foreign Affairs Department for the time

being

It would be difficult to find two more contrasting figures than Mr Mugabe and his deputy.

Mr Mugabe is the archetypal international figure, highly educated, articulate, always immaculately dressed, but somewhat remote from the ordinary man.

Mr Muzenda is on the other hand very much a man of the people.

Ladies: You c

DO NOT forget the SOWETAN Woman's Club meeting this Saturday, August 18.

The monthly club meeting for both the Soweto and East Rand members will be taking place at Funda Centre and the Lionel Kent Hall respectively.

Don't pass up the opportunity of hearing Mrs Gladys Botha of Pimville talk about etiquette, especially the general format one should know about

when arranging dinner party.

Entertainment way of getting more people to be reluctant perfect stranger because know what tations are. is to arm basic, practical convenient entertainment, your way to ring So do Club mee

RECORDS AND TAPES
 BEST PRICES

TWO ROOMS & GAR

Row as 400 strikers are fired

Labour Correspondent

ABOUT 400 workers at Simba-Quix's Isando plant were fired this week after striking

And their union charges that the sackings violate a company agreement not to fire strikers for three days after they have downed tools

Simba, however, denies this, saying it fired the workers after they had stopped work four times in two weeks in protest at the dismissal of three workers

The Sweet, Food and Allied Workers Union

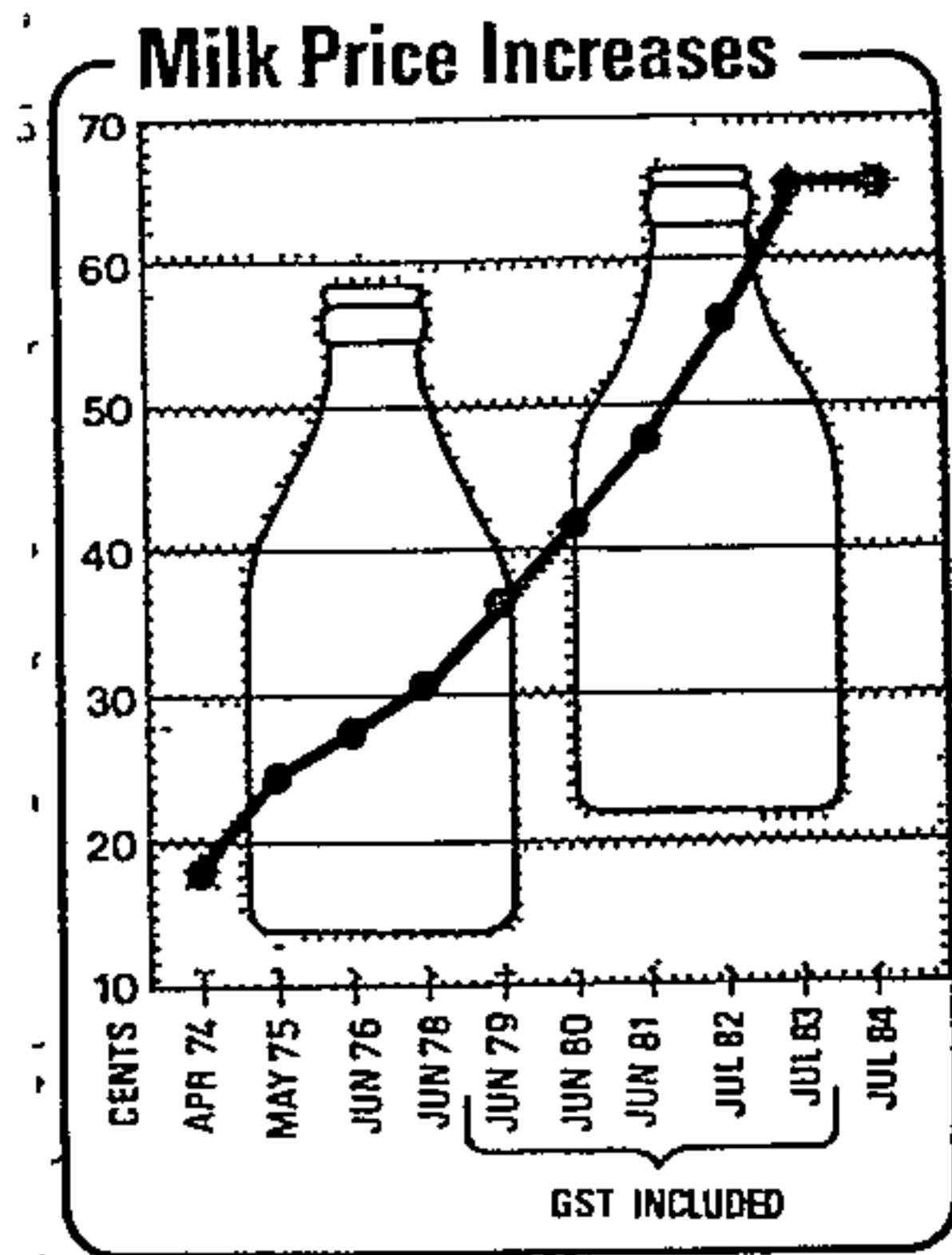
(SFAWU), which is recognised by Simba at the plant, said the workers struck late last week in protest at the dismissals. It says they were fired on Monday

A union spokesman said the agreement between SFAWU and Simba laid down a 72-hour "cooling off period" during which strikers would not be fired. This was taken to mean 72 working hours

In a statement Simba's managing director, Mr J C du Toit, made no reference to the 72-hour clause

250 pc price leap in bread, milk in 10 years

By Jennifer Tennant,
Consumer Reporter



Prices of basic foods such as milk and white bread have risen by a staggering 250 percent in the past decade, a review carried out by *The Star* of price increases since 1974 found

The review followed the recent announcement of a spate of price increases, including tea, milk powder and cooking oil, which will come into effect by the end of October

Reasons for soaring prices — in 10 years — have not changed the crippling drought of the last two years, South Africa's inflation rate, increasing transport costs, higher fuel prices, and the spiralling cost of labour

Since 1976 the price of brown bread has risen by 200 percent five increases in 10 years

- In 1976 it went up from 13c a loaf to 16c a loaf
- In 1980 brown bread increased by 25 percent to 21c a loaf
- Brown bread went up again in 1981 — this time by 40 percent — to 29c
- In 1982 the price of it increased by 17,8 percent to 35c
- This February it went up 6c, rising from 36c to 42c a loaf, an increase of 16,6 percent
- But the price dropped to 39c when bread became exempt from general sales tax in July

The price of white bread has risen by 250 percent — six increases in eight years

- White bread rose to 20c a loaf from 16c in 1976
- In 1978 it increased to 26c a loaf
- In 1980 a loaf of white bread went up by 5c to 31c
- White bread went up again to 42c a loaf, an increase of 30 percent, in 1981

- It cost 53c at the end of 1982
- There was an 11 percent increase in the price of white bread to 60c a loaf this February.

- When bread became exempt from GST in July the price dropped to 56c.

Milk has increased by about 250 percent — 47c — since 1974, when a litre bottle cost 18,8c (See graph of milk price increases)

Labour leaders flex muscles in conservative Pietersburg

By Malcolm Fothergill

A classic battle between private enterprise and collectivist bargaining is developing in the Northern Transvaal town of Pietersburg

On one side is the avowedly anti-capitalist Black Electronics and Electrical Workers' Union (Beewu), which was started in Pietersburg in October last year

On the other is the firm the union was formed to challenge — Tempest International, which produces a range of radios

Watching anxiously on the sidelines, and making hurried efforts to meet the threat to their own organisations, are other firms in the Conservative Party-controlled town

Until now these firms have been shielded by distance from the labour problems that have plagued their counterparts in the metropolitan areas

Tempest International's contretemps, in which 1 700 workers recently stayed away from work for four days, has been the most serious in the current mood of unrest

But other firms have also felt the icy wind of potential conflict in go-slows and other forms of labour muscle-flexing

What makes the tussle between Beewu and Tempest International so interesting is that each side has adopted an extreme position

Beewu, which makes no secret of its political leanings — Steve Biko posters and other evidence of a strongly political line are plas-

tered all over the walls of its offices in central Pietersburg — says Pietersburg employers exploit workers shamelessly

"Workers are completely insecure in their jobs," says the union's national organiser, Mr Thabo Montjane

"At any minute of the day they can be dismissed or insulted

"It's a master-slave relationship"

The union's president, Mr Mbulelo Rakwena, says the most imperative aim for the future is to create "worker consciousness".

This will be a slow process "We are dealing with a people that has been immersed in fear, so they cannot move as quickly as we would like."

Meanwhile, "we will use whatever is in our grasp to fight the aggression we meet in companies all over Pietersburg".

Beewu has been trying to create worker consciousness by running labour clinics on the premises of various firms, and addressing workers with loud-hailers

Tempest International's line is simple. It believes control of the firm should stay where it has always belonged — in the hands of management

The firm's owner, Mr Philip Sussman, says if any union ever gets in on an official footing at either of his plants at Pietersburg or the nearby black town of Seshego, he will close the plants immediately and let the buildings.

Mr Sussman says allowing a

union in at Tempest International would lead to frequent stoppages as workers pressed demands as unrealistic as their recent one for a 50 percent pay rise all round.

Beewu's Mr Rakwena, on the other hand, believes a plant with a union stands to have a more stable labour force than one without.

Whatever the truth of the situation, firms in Pietersburg are moving fast to introduce or improve ways of communicating with workers

Some, such as Perfection Food Products, have had workers' committees for a couple of years.

Others, such as Sasko-Pietersburg Bakery, have been working with unions for a few months

Most, including Northern Transvaal Steel and Engineering, are only now thinking about setting up machinery to bridge the gap between workers and management.

Pietersburg Town Clerk Mr Jack Botes is busy arranging a symposium on labour relations to be held in the town soon

"The local authority does not easily involve itself in private-sector problems," he says, "but I now feel that if there should be labour unrest in our town we must immediately try to resolve it for the sake of the entire community, black and white."

The Chamber of Commerce is also becoming involved in the field. Its new executive, elected three weeks ago, includes for the first time a committee to keep an eye on labour relations

21/8/84 (138) C-Times
**1 000 workers
lose jobs** (186)

Labour Reporter

ABOUT 400 full-time workers and 600 seasonal workers had lost their jobs as a result of the closure of the Ceres Fruit Juices and Canning Company, the Food and Canning Workers' Union said yesterday

In a statement the union said workers had received no severance pay and the company had said it would consider severance pay for permanent workers only by October

It also claimed that most seasonal workers would receive no money from the Unemployment Insurance Fund as they had not been continuously employed for more than eight months

The union called on employers to pay severance pay to all workers and on the government to provide assistance from the UIF, thereby ending the "iniquitous situation" whereby seasonal workers were not entitled to benefits

In the statement, Mr Jan Theron, the union's general secretary, said the closure was a "hard blow" to working people in Ceres and they would have difficulty in finding jobs. He added that the number of workers in the industry in the Western Cape had dropped by 5 000 since 1981

Company spokesmen could not be reached for comment yesterday afternoon.

3-day talks on civil rights

Staff Reporter

A THREE-DAY conference starting tonight at UCT will feature politicians from most of South Africa's political spectrum and several foreign guest speakers who are civil rights experts

Guest speakers include veteran American civil rights leader Mr Bayard Rustin, a former colleague of Martin Luther King jun, Professor Herbert Adam from Canada, Dr John Groom, co-director of the Centre for the Analysis of Conflict in the United Kingdom, and Mr Bernard Charles, president of the Institute for Conflict Resolution in New York

During tonight's public meeting in lecture room 2A of the Robert Leslie building, Mr Wynand Malan, National Party MP, and Mr Alex Boraine, Opposition MP, will discuss the need for adjustments in the present system

Tomorrow at 4 30pm Mr Rustin will speak on the American civil rights movement and at 8pm Dr Nthato Motlana, chairman of the Soweto Committee of Ten, and Mr Hassan Howa, a United Democratic Front patron, will discuss the accommodation of the needs and aspirations of the majority of South Africa's population.

On Thursday at 8pm the Chief Minister of Kwazulu, Chief Gatsha Buthelezi, will present an Inkatha view of pragmatism in South African politics, and a panel discussion with all five speakers will be held that night at 9pm



Mr Wynand Malan



Chief Gatsha Buthelezi

2/17/84

No dole for Ceres' 600 retrenched workers

Labour Reporter

ABOUT 600 canning workers, who have been retrenched following the closure of the cannery at Ceres Fruit Juices and Canning Company will get no relief from the Unemployment Insurance Fund

Most of the workers are excluded from the UIF in terms of a Government regulation because they work less than eight months a year

The Food and Canning Workers' Union, which represents the 400 regular and 200 seasonal workers, has described the situation as "outrageous"

"WORK REGULARLY"

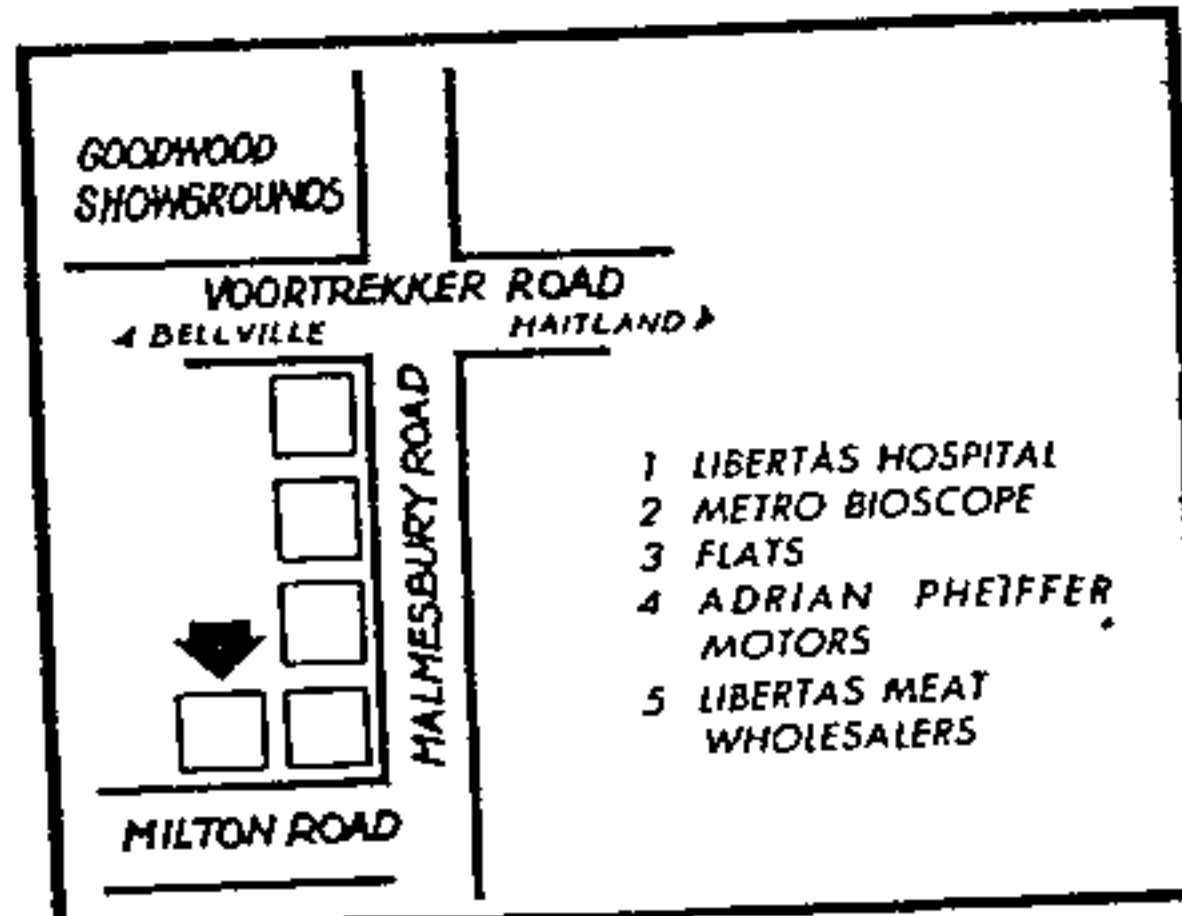
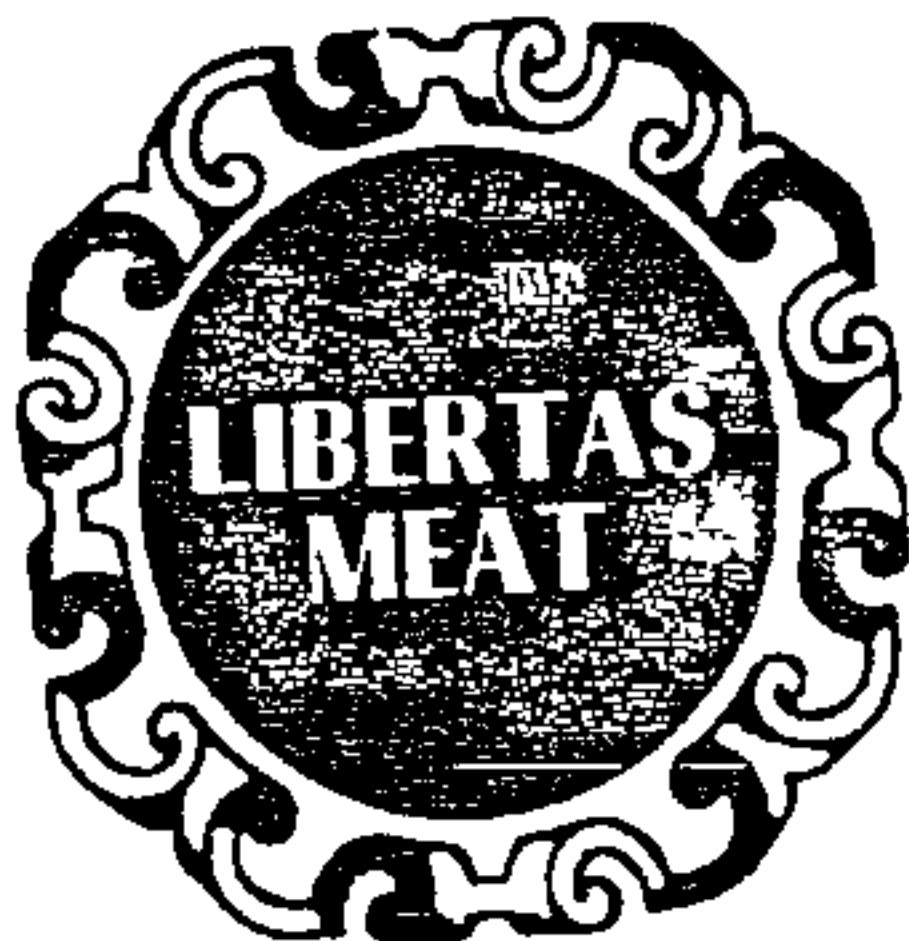
"The closure of the cannery highlights the situation of seasonal workers, who make up most of the workforce in the canning industry and work regularly from one season to the next. The Government does not allow them to belong to the UIF unless they work for eight months continuously

"But the fruit and vegetable canning season is seldom as long as eight months," said the union's general secretary, Mr Jan Theron

The union has called on the company to pay severance pay to all the workers and to the Government to end the "iniquitous system"

Mr W E Marais, managing director of the company, was not available for comment today

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ROM 27/8/84 (186)

THE affect of a clause in the Unemployment Insurance Act on canning workers was highlighted last week.

Several hundred workers retrenched from a Ceres cannery will not be able to claim from the Unemployment Insurance Fund (UIF)

Workers who work less than eight months a year are excluded from UIF and the Food and Canning Workers' Union says this excludes most canning workers

Though they work for the same employer each year, the fruit and vegetable season rarely lasts eight months and they are unable to work long enough to be covered by UIF.

The union says the law is "outrageous" and has also urged the company to compensate the workers by paying severance pay

Firm facing action over firings Docker hurt in 20m leap

By STEVEN FRIEDMAN
Labour Correspondent

THE Pretoria ice cream company Dairy Maid faces possible industrial court action over the firing of about 240 strikers during a dispute in February

Mr Glenn Mokoena, organiser of the Food and Beverage Workers Union (FBWU) in Pretoria, said yesterday the union had declared a dispute with the company in an attempt to win reinstatement of the strikers

This, he said, had been referred to the industrial council for the dairy industry. If it failed to settle it the union would take industrial court action.

Mr Mokoena said union members fired during the Dairy Maid stoppage would meet at a Catholic cathedral in central Pretoria this morning to discuss

the dispute

Meanwhile, a former Dairy Maid supervisor whose alleged assaults on workers prompted the strike, appeared in the Kempton Park Magistrate's Court yesterday on assault charges. The case was adjourned until Tuesday.

Workers struck after alleging that the supervisor, Mr Kallie Zastrow, carried a sjambok on company premises and repeatedly assaulted workers.

They charged that despite repeated complaints by workers the company had not intervened to prevent him assaulting workers.

Mr Mokoena said yesterday Mr Zastrow appeared to have left Dairy Maid since the strike.

"We do not know, however, whether he was dismissed or whether he re-

signed. We have asked the company but they have not been forthcoming on this."

He said the union originally asked the Minister of Manpower to appoint a conciliation board to settle the dispute. Unions must ask for the appointment of a board before taking industrial court action, if there is no industrial council in their industry.

In June, however, the scope of the industrial council for the dairy industry had been extended to cover Dairy Maid and the dispute had therefore been referred to the council.

Mr Mokoena said the council was due to meet yesterday to discuss the dispute, but it could not be established whether the meeting was held as scheduled.

Comment could not be obtained from the company yesterday.

Mail Correspondent

CAPE TOWN — A docks railway worker, Mr Manne Kwaaman, is in a serious condition at the Somerset West Hospital after jumping 20 metres from the top of the uncompleted Western Boulevard fly-over while fleeing from angry Japanese sailors on Wednesday night.

The sailors had apparently attacked him earlier and were chasing him when he jumped, sustaining serious neck and internal injuries.

An eye-witness said the horrific fall was a sequel to tension earlier in the day between the sailors and dock workers which had led to an argument in a nearby docks cafe.

On Wednesday night a police spokesman, Captain Gerhard van Rooyen, said the police had not been able to ascertain what had happened.

Five Japanese sailors passing in a taxi while the injured man was being attended to were immediately stopped by the police. They were taken to Cape Town police station for questioning.

5/9/84 (186) ~~355~~ ~~357~~ D. Despatch

Minimum bakery wage levels extended to 3 Border towns

EAST LONDON — The minimum wage levels for the bread and confectionery industry are to be introduced to three more Border towns

This move was announced by the Department of Manpower here and will be

effective from September 17

Originally the minimum limit applied only to East London, King William's Town and Queenstown. The new towns included in the scheme are Aliwal North, Fort Beaufort and Stutterheim

The minimum wages for the industry will go up from R36,50 a week to R41,50 for general workers in East London and from R32,50 to R33 for King William's Town and Queenstown. The limit for the three other towns will be R30 a week — DDR

(186) C-Times 13/9/80

Bread subsidy running out fast

Own Correspondent

PRETORIA — The R120 million allocated in this year's budget to subsidize the bread price is running out fast and financial adjustments are urgently necessary, according to sources here

The cabinet is also expected to approve, within the next ten days, an increase in the wheat price, and in margins in the baking and milling industries

And the Minister of Agriculture, Mr Greyling Wentzel, yesterday said that if the cabinet decided to increase the wheat price, either the bread price or the government subsidy would have to be increased

Pretoria sources said that of the original R120 million bread subsidy, R90 million had already been spent. The remaining R30 million was not enough to hold bread prices at current levels

Observers said the government was faced with a dilemma. It could not increase the subsidy because of the state of government finances, and if it raised the bread price there would be an angry reaction from an already disturbed black population

Sources said that even if the government rejected the demands for producer price rises, and higher margins for bakers and millers, the subsidy would still have to be raised or the price of bread increased

Sugar price rise to affect food industry

Mercury Reporter

THE 12,5 percent increase in the wholesale price of sugar is expected to have a ripple effect on the entire food industry.

The price hike, announced by the Minister of Industry, Commerce and Tourism, Dr Dawie de Villiers, last week, is expected to affect the prices of soft drinks, jams, sweets and some

cereals
Mr Gordon Utian, managing director of Checkers, yesterday urged the State President to apportion funds from the defence budget towards holding down the prices

of basic foodstuffs

'The best defence that South Africa can have is people with full stomachs,' he said

Mr Bernard Hellberg, assistant director of the Consumer Council, has slammed the increases, saying it was unfortunate that such a 'dramatic' increase should come at a time when the consumer was financially hard hit

'A puzzling aspect of the industry is the regular over-production of sugar which is then exported at a loss. It is quite inexplicable that the South African consumer should subsidise the market abroad'

Stocks

Mr N Eichorn of the Soft Drinks Federation said yesterday that the manufacturers of soft drinks were still 'licking their wounds' from the recent increases all round, but said he did not know whether prices would be increased

'Since the lifting of price control manufacturers have been free to announce increases as they wish,' he said

Spokesmen for major supermarket chains throughout Durban said yesterday they would sell sugar at the old prices for as long as long their existing stocks last

Miss M Russel, secretary of the Durban Housewives' League, said 'We deplore the increase in the sugar price at such a crucial time for consumers as it will also affect many other foods. The national executive will be telexing the Minister to ask him to reconsider'

Price increases for margarine and cooking oil are expected to be announced soon

Rise in bread price expected

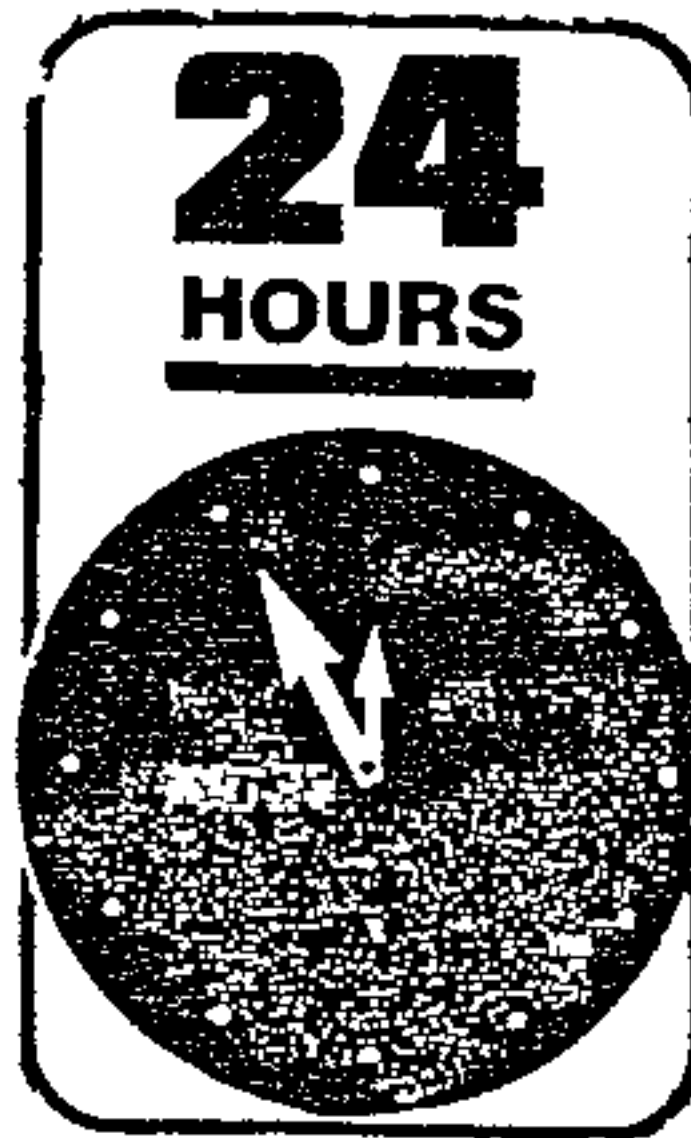
By Michael Chester

Increases in bread prices from October 1 that may wipe out all the benefits of exemption from general sales tax may be announced within the next few days

The price of brown bread, now accounting for 70 percent of all bread sales, may be pushed up from 39c to 45c — unless the Government agrees to new multimillion-rand subsidies

White bread prices, not subsidised but still controlled, may be raised from 56c to between 61c and 63c — “unless a miracle occurs”, as one inside source put it

A decision by the Cabinet, responsible for items



under price control, is believed to be imminent

The pressure on prices has been spelled out in confidential reports prepared by the National Marketing Council and the Wheat Board

Inside sources say the pressure has started with

recommendations that producer prices paid out to farmers should be increased by between eight and 10 percent to compensate for losses suffered in the prolonged drought and higher fertiliser and labour costs

Millers and bakers see little chance of winning any increase in the 15 percent return on fixed capital they have been allowed for several years, despite arguments that profit margins are inadequate

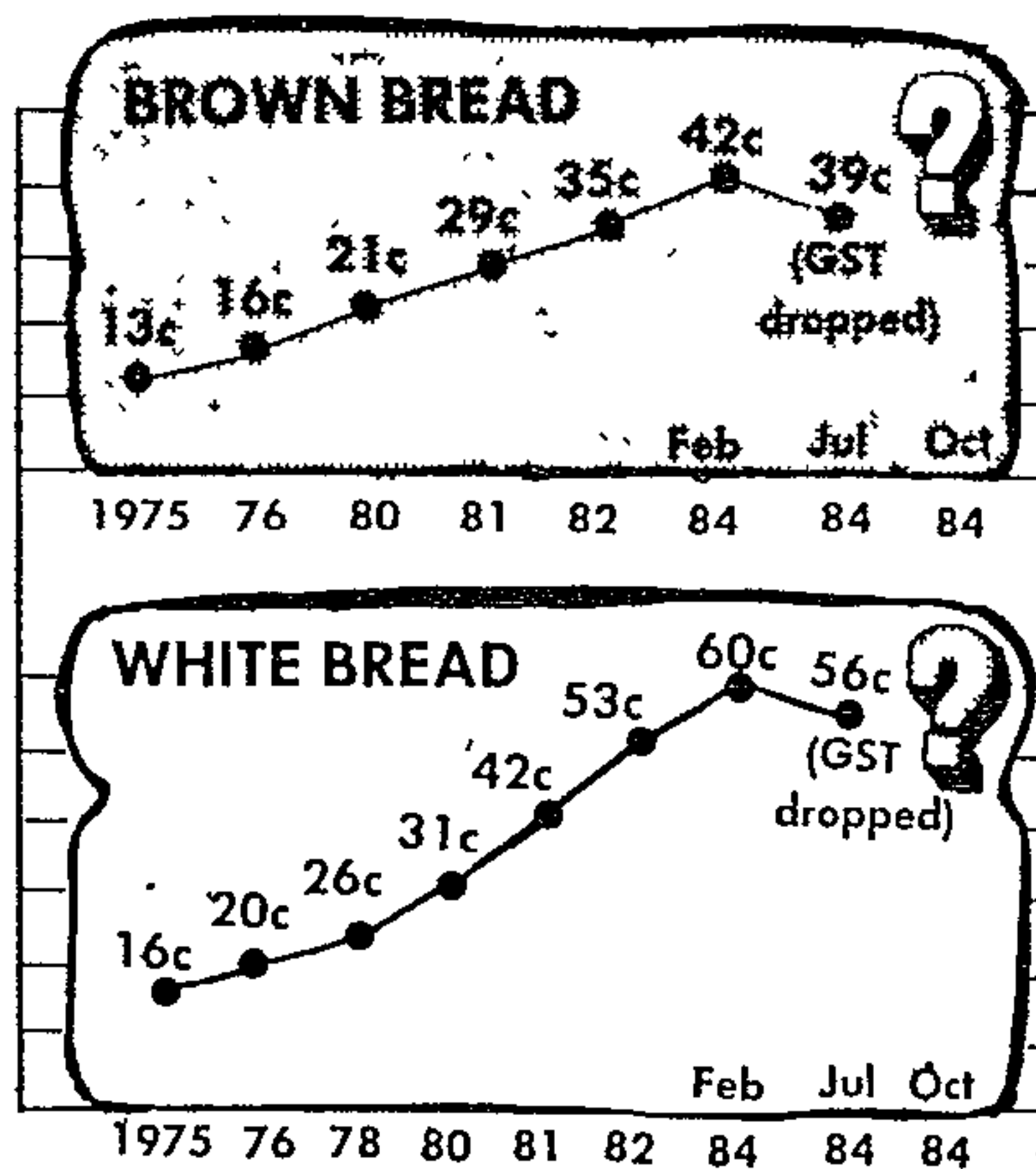
However, there is optimism that the Cabinet may agree to increase the current 16,5 percent return on what is termed “floating capital” — the cash they are forced to use to buy wheat stocks

The millers argue they are losing huge amounts by having to borrow from the banks at an unprecedented 28 percent to finance wheat supplies until they receive delayed compensation

One of the largest food producers told *24 Hours* “Bread prices need to go up between 5c and 7c if the industry hopes to survive

“Prices in South Africa are by far the lowest in the world — but millers and bakers are under tremendous strains in a fight for sheer survival

“The Cabinet can allow the full increases to be footed by the consumer or work out bigger subsidies”



Mark-up is too high, says monopolies critic

Bread price threat sparks profits row

The threat of new increases in bread prices has raised a storm of controversy, with the big producers engaged in attack and counter-attack about their profit margins

Mr Robin McGregor, author of "Who Owns Whom" and a persistent critic of monopolies, has accused the big bakeries of running a nation-wide cartel that has boosted prices faster than the average inflation rate

The big food producers have countered with arguments that bread prices have been held at among the lowest in the world by price controls that have kept margins too low

The controversy has broken out at a moment when consumers are awaiting a Cabinet decision on new bread prices from October 1

Mr McGregor has released the results of an investigation in which he claims that the current price of white bread — at



56 cents a loaf already 250 percent higher than in 1975 — would be as much as 19 percent lower had it stayed in line with the pace of overall inflation

He lays the blame on a spurt in profit margins that broke away from the average inflation line in 1981

He argues that if margins had stayed on course with the consumer price index they would be 14,1 cents a loaf on white bread instead of an actual 17,3 cents

Mr McGregor insists that the result would be that white bread should be on sale at about 47 cents instead of the current 56 cents.

Mr Tony Bloom, chairman of the Premier Group, one of the biggest producers, snaps back that the calculations ignore the abolition of Government subsidies on white bread that occurred three years ago.

"If new price formulae had not been sorted out, the price of brown bread would today be as high as white bread", he told 24 Hours.

"Our profit margins are hopelessly inadequate — as proved by evidence that there has not been a new major company launched in the sector over the past 40 years

"This is simply because if would be madness for investors to expect even a reasonable return", he said

"One has only to compare international bread prices to see that South African prices are the lowest in the world

"In South Africa, the

19/9/84
producer pays about R306 a ton for wheat and that becomes worth only R610 on the counter after the costs of the miller and baker and retailer have been covered

"In the United States, producers pay R170 a ton for wheat — which becomes worth a staggering R4 200 by the time the consumer is buying bread

"The squeeze on our margins is ludicrous"

Mr Patrick McLaughlin, of Tiger Oats, added "Profits from bread making have become non-existent. It is only by diversification that the big bakeries can survive at all"

Says Mr McGregor "I'm sticking to my guns

"The huge conglomerates can offer all the sophisticated statistics in the world

"The fact remains that profit margins on white bread have shot up far faster and higher than the overall inflation rate because of the cartel — and the consumer is paying the bill"

Call to boycott Simba Quix

SEVERAL hundred pamphlets calling on the boycott of Simba Quix products have been distributed by the Fosatu-affiliate Sweet Food and Allied Workers' Union following the company's refusal to reinstate sacked workers.

The pamphlets also call on the workers, their organisations and students to show solidarity with the dismissed workers, who have now entered their sixth week without employment.

About 422 employees of the company were dismissed last month after they had gone on strike over the sacking of three of their colleagues. The firing of the workers followed several discussions among the shop stewards, union officials and the company.

The company's managing director, Mr J C du Toit, said he was aware of the pamphlets calling on the boycott of their products, but he regretted that it was not

the way to solve matters concerning workers.

"We obviously do not want our products to be boycotted and we will be sad if this is to happen. We hope to resolve the matter. We are hoping to meet Chambers of Commerce on the East Rand to discuss the envisaged boycott."

The secretary of the union's shop steward committee Mr Paul Mosisime told The SOWETAN that two members were dismissed for refusing to work "double jobs". One was sacked after being accused of throwing potatoes away.

Their dismissal angered members who

sent representatives to negotiate the issue with management. Several other discussions were in a deadlock. Subsequently the workers were sacked.

"We are angered further by the management's willingness to hire scabs."

186

~~186~~

~~186~~

Murray 25/9/84
**Sugar mill
workers end
four-day strike**

Labour Reporter

ABOUT 1 000 workers at the Umfolosi sugar mill decided at a meeting yesterday to end their four-day strike and return to work after an assurance by the management to investigate their grievances

Workers downed tools on Friday, demanding the dismissal of a member of the staff against whom they had made allegations

An official of the National Union of Sugar Manufacturing and Refining Employees, NUSMRE, which has members at the mill, said yesterday he was still awaiting a report from union representatives at Umfolosi. He did not know what the grievances were

In a statement yesterday, Mr Ian Bales-Smith, general manager of the Umfolosi Co-Operative

Sugar Planters Ltd, said workers had agreed to return to work for the 10 p m shift yesterday. An investigation into their grievances would be held on October 3

He said the workers went on strike over alleged grievances between them and a member of the staff

'Following a meeting between local union officials and the management at the weekend, a formal meeting with the chairman and officials of the NUSMRE was held yesterday

'It was agreed that the workers' grievances will be investigated subject to them returning by 6 a.m. today

'If they fail to return to work they will be regarded as having dismissed themselves and will be paid off from 2 p m tomorrow,' he said

186
28/9/84
Simba
fires 400
strikers

More than 400 striking workers have been dismissed from Simba Quix and a boycott of Simba products has been launched.

The Simba workers' committee and Sweet, Food and Allied Workers' Union (SFAWU) today claimed Simba had refused to negotiate in good faith.

SFAWU is to apply for a conciliation board to resolve the dispute.

Mr J. Naidoo, general secretary of SFAWU, said the strike began on August 10, sparked by the "unfair dismissal" of three workers.

Two of the workers had been dismissed for "refusing to take lawful instruction" and the third for "throwing a potato into a container and damaging company property".

Altogether 422 striking workers were fired.

Mr J. C. du Toit, managing director of Simba Quix Ltd, said a boycott did not resolve issues of this nature and was not in the interests of the economy, the community, the employees or the consumers. Workers were fired after numerous attempts to persuade union officials to discuss the matter had failed.

He said the company had acted completely within the recognition agreement signed with the union and had done everything possible to resolve the dispute.

Simba chips in on boycott call

DURBAN — A boycott of Simba products would not help resolve the dispute over the sacking of more than 400 workers from the company's plant in the Transvaal, Mr J C du Toit, managing director of Simba-Quix, said yesterday.

He was responding to a call by the dismissed workers for a nationwide boycott of Simba products to protest against the dismissal of 422 striking black workers.

The strike was for the reinstatement of three dismissed workers.

Mr Du Toit said: "We don't believe that a boycott resolves issues of this nature. It's not in the interest of the economy, the community, the employees or the consumer.

"Simba still has more than 900 black employees in its service who would also suffer under a boycott."

The dismissal of the workers was "within the disciplinary code" of the recognition agreement between Simba-

Quix and the Sweet, Food and Allied Workers' Union (SFAWU), he said.

Nine meetings had been held between the shop stewards and the management to resolve their appeal for reinstatement.

He said the dismissals had been re-investigated and found to be fair.

A statement issued by a committee representing the dismissed workers said the management had refused to negotiate in good faith with union representatives and the men had gone on strike to get the management to listen to them.

"The company dismissed the entire black work force and employed coloureds," it said.

Mr J Naidoo, general secretary of the SFAWU, said the union was making urgent representations to the Minister of Manpower to appoint a conciliation board to resolve the dispute over sacking of the workers. — Sapa.

How to spark off a strike

150
157A
186
S. T. M. 30/9/84

THE strike called by the Sweet, Food and Allied Workers' Union (SFAWU) at the Simba Quix factory shows how easily a strike can start if communications are allowed to break down.

The union claims that two of its workers were dismissed after allegedly refusing to carry out a task which was not part of their job.

John Beard, Simba Plant Manager, however, claims that the workers were dismissed for allegedly not taking a lawful instruction.

Forklift

The workers' job was to stamp boxes containing chips which are usually brought to their department. One of the workers on the morning shift found that the supply of boxes had run out and requested her senior supervisor to ensure that, as normal, more boxes were brought in. The supervisor refused, saying the worker should get the boxes herself.

The worker then approached her section head-

woman who in turn instructed the forklift driver to deliver more boxes for stamping. But the senior supervisor instructed that the boxes be returned. He again instructed the worker to get the boxes herself.

When she refused the senior supervisor reported the matter to the plant manager who dismissed the worker. Another worker was instructed to do the same on the afternoon shift and when she refused, she too was dismissed.

Attempts by the SFAWU president, Chris Dlamini, to intervene were blocked after the Simba management refused to discuss the decision to dismiss the workers.

"Members of the SFAWU stopped work after the Simba management refused to negotiate with the union through the agreed channels," according to the workers.

Simba Quix Managing Director, Jan du Toit, says that during nine meetings with the union, shop stewards were unable to provide evidence which could influence management to reverse their decision.

ROM 2/10/84

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Boycott: a crisp response

By PHILLIP VAN NIEKERK

A NUMBER of Reef community organisations, trade unions and commercial organisations have lent their support to the Sweet, Food and Allied Workers' Union (SFAWU) call for a boycott of Simba chips

Mr Chris Dlamini, an SFAWU office-bearer and president of the Federation of South African Trade Unions (Fosatu), said yesterday that the African Chambers of Commerce of Tembisa and Natalspruit were refusing to stock Simba chips.

Trade union groupings which have expressed support include the Commercial, Catering and Allied Workers' Union (Ccaawusa), the South African Allied Workers Union (Saawu), Fosatu, the Council of Unions of South Africa (Cusa) and the African Food and Canning Workers' Union

The boycott was called following the dismissal of more than 400 workers from the Simba Quix plant in Isando during a work stoppage in August this year

The union is demanding reinstatement for the workers who they say were unfairly dismissed — a charge which is denied by the company

400 000 back
3/10/84 SFAW (186)
Simba boycott

By Carolyn Dempster,
Labour Reporter

More than 30 trade unions with a combined membership of 400 000 workers have pledged support for the boycott of Simba products following the dismissal of 422 Simba Quix employees

The Sweet, Food and Allied Workers' Union (SFAWU) launched the boycott last week

Supporters of the boycott include the Federation of South African Trade Unions (Fosatu), the Council of Unions of South Africa, African Food and Canning Workers' Union, South African Allied Workers' Union, General and Allied Workers' Union, and the Commercial, Catering and Allied Workers' Union

Mr J Naidoo, general secretary of the SFAWU, said the union would be notifying the International Union of Food and Allied Workers' Associations in Geneva

The union has urged Simba Quix management to negotiate.

The 422 Simba workers were dismissed after striking on August 10 over the firing of three colleagues

Mr J C du Toit, managing director of Simba, said nine meetings had been held to discuss the dispute and the dismissals were re-investigated and found to be fair

Numerous attempts to persuade officials to discuss the strike failed. The workers were fired within the terms of the recognition agreement

DOM 3/10/84 (186)

Boycott a threat to chip business

By PHILLIP VAN NIEKERK

IF THE boycott of Simba chips gained widespread support, the company's business would be affected, Mr J C du Toit, managing director of Simba-Quix, said yesterday

He was responding to the Sweet, Food and Allied Workers Union's (SFAWU) claims of massive support for the boycott which was launched last week to win back the jobs of more than 400 workers fired at the company's Isando plant in August.

The boycott now has the backing of about 30 trade unions as well as numerous political and community groups such as the United Democratic Front, the Transvaal and the Natal Indian Congress, the Azanian Students Organisation, the Congress of South African Students, Nusas and Sacos

The union has also said it will be notifying the International Union of Food and Allied Workers Associations, to which the SFAWU is affiliated, of the dispute

Mr Du Toit said the company did substantial business in the black areas and that the degree to which the business would be affected depended on how much support the boycott received

He said the company might reconsider if new facts were presented by the union, but he had had nine meetings with shop stewards and union officials since the strike and was satisfied the workers had been fairly dismissed

The workers were fired after taking part in a work stoppage in sympathy with three dismissed workers

Mr Du Toit denied SFAWU's charges that the company was racist to rehire coloured workers after firing black workers "When we had to re-engage new staff, there were coloureds at the gate"

Mr Jay Naidoo, SFAWU'S general secretary said yesterday "We urge Simba management to reconsider their decision and to negotiate with the union an amicable solution to the present dispute"

CONSUMER BOYCOTTS

A hot potato

The Sweet, Food and Allied Workers' Union (SFAWU) has called for a boycott of Simba-Quix products as part of a campaign against the company's decision to dismiss over 400 striking workers

The workers struck on August 10 over the dismissal of three of their colleagues. The union, an affiliate of the Federation of SA Trade Unions (Fosatu), claims support for the boycott by "the majority of progressive unions, community organisations and traders."

According to a union statement, two of the workers were dismissed for refusing to do "a double job" while the third was dismissed for "damaging company property, that is a potato." The union accuses the company of racism because the company said at a meeting it wished to hire coloured workers to replace the black workforce as it could "communicate better" with coloureds.

The company denies these allegations. Simba's managing director Jan du Toit says one employee was dismissed for spitting at the plant manager while being reprimanded for throwing potatoes at another worker. Another two women were dismissed for refusing to work. For some weeks they had been doing their tasks and "suddenly refused to continue."

Du Toit denies "completely and utterly" the allegations of racism. "Management would be stupid to say it preferred coloured to black employees and we have tape recordings of the meetings to prove that we didn't," he says.

He considers it too early to tell what effect a consumer boycott will have on the company. But he argues it will not help to



Simba workers ... the chips are down

resolve anything. Says Du Toit "A boycott is not in the interests of the economy, consumers or the 900 black employees we still have working for us."

SFAWU's president Chris Dlamini, who is also the president of Fosatu, has announced that the union is applying for the appointment of a conciliation board to consider the dispute. He called on the company to "sit down with the union in order to resolve the dispute."

Du Toit tells the FM "We will respond positively to such a move from the union. We would like the dispute to be heard in a just manner so as to prove who is right and who is wrong."

Chairman: J C Robbertze; *managing director:* J J Wilhams

Capital structure: 28m ords of 50c each
Market capitalisation: R86,8m.

Share market: Price 310c Yields: 6,1% on dividend, 14,9% on earnings; PE ratio, 6,7, cover, 2,4 1983-1984 high, 415c, low, 280c. Trading volume last quarter, 133 000 shares.

Financial: Year to June 30

	'81	'82	'83	'84
Debt				
Short-term (Rm)	7,0	6,3	10,6	4,1
Long-term (Rm)	8,8	10,0	4,2	4,1
Debt equity ratio	0,29	0,27	0,23	0,11
Shareholders' interest	0,49	0,46	0,45	0,48
Int & leasing cover	9,1	9,7	7,1	10,0
Debt cover	1,07	1,08	1,3	3,4

Performance:

	'81	'82	'83	'84
Return on cap (%)	14,1	15,0	14,3	15,3
Turnover (Rm)	256	314	351	405
Pre-int profit (Rm)	15,8	19,3	20,1	23,6
Pre-int margin (%)	6,0	6,1	6,1	6,2
Taxed profit (Rm)	8,8	10,4	10,7	12,9
Earnings (c)	31,1	37,5	38,2	46,2
Dividends (c)	14	17	17	19
Net worth (c)	191	211	228	266

SA's major food companies have shown impressive growth and profit advances in the last five years, and Irvin & Johnson (I & J) is no exception. I & J has reported a 22,6% annual average increase in attributable profit since 1978 — its advance in the year to end-June being only slightly below this figure. Although I & J chairman Jan Robbertze expects a hiatus this year in earnings growth, indications are that longer-term profits will keep advancing strongly.

As in the past, I & J will not disclose the proportion of profit derived from its deep-sea fishing and frozen food businesses, or from its sales operations. It does, however, hold the major share of the SA market in frozen foods retailing, and shares market dominance in deep-sea fishing with Sea Harvest (in which C G Smith Foods' subsidiary, Imperial Cold Storage, has a 40% stake). One of I & J's main concerns will be to ensure it retains its deep-sea market share, especially as the market's size is determined by government-decreed quotas.

Deep-sea fishing has been hit in recent years by 24% cutbacks in catch quotas. They were imposed in the early Eighties due to a deterioration in the size and quality of stocks. Hake prices, however, have fallen by some 12% in the last year and could not be offset by increased sales. Hake is the main deep-sea fish caught. Stocks have now begun to be replenished, and the hake catch quota was raised by 5% in 1984. None of this increase went to I & J or Sea Harvest.

Robbertze is worried that if quota increases are not shared by the fishing companies in proportion to their quota cuts of recent years, the profitability of big deep-sea fishing operators will be damaged. "We need a degree of market stability through

carefully measured quota increases," Robbertze comments. "Capital intensive participants in the deep-sea fishing industry must be able to plan for the future with confidence, and conditions must be created which enable an improvement in returns to be achieved."

I & J has gone ahead and ordered four new replacement trawlers from Spain at a R15m cost, for delivery in the second half of next year. The trawler order and extensions to cold storage warehouses throughout the country will add up to an ambitious capex programme of some R75m in the three years to end-June 1987.

The group is well geared to finance such a capex programme, as the debt:equity ratio was cut from 0,23 to 0,11 last year on the back of an improved cash flow. When the capex programme gets under way, the debt equity ratio is expected to jump to 0,40 — which finance director John Morrison reckons is about the maximum prudent level for a company such as I & J, involved in a high risk, low margin business.

Robbertze sees volume growth of some 4% a year in the local frozen foods market in the Eighties due to population growth, a swing in eating habits to pre-cooked frozen foods and expected growth in black demand. But he says I & J is reluctant to diversify into related business, such as food canning, where margins and the cost of entry are low. Says Robbertze "Our greatest asset is our national network of warehouses for storing frozen foods and the specialised knowledge we have built up in managing them."

This year, Robbertze expects earnings to come under pressure because of tax hikes and the recession, which he thinks will encourage a swing to cheaper alternatives to frozen foods. It is possible that depressed consumer demand could trigger off a price war, which would place margins under pressure.

At 310c, the share price is off its yearly 290c low, but well below the year's 415c high. It yields 6,1% on dividend compared with a 6,6% sector average. The stock's main appeal is as a sound, long-term investment.

Christopher Marchand

IRVIN & JOHNSON

Plenty of depth (186)

Activities: The group procures, processes and markets seafoods, prepared vegetables and other frozen foods

Control: South Atlantic directly and indirectly holds 66% of the equity. Ultimate holding company is Anglovaal.

Financial Mail October 5 1984

Sewage handling
Building and con
Talc hazards
Cold work
Work in boilers
Galvanising haza
Spray painting h
Sulphuric acid ha
Grain dust hazar
Pesticides and insecticides

Union seeks conciliation board

By JEANETTE MINNIE

THE Sweet, Food and Allied Workers' Union (SFAWU) has applied for a conciliation board to consider two unfair labour practice charges against Simba Quix.

The move follows a dispute in which 464 SFAWU members were dismissed by the company at its Isando plant in August.

The first unfair labour practice charge is based on four arguments: ● The company failed to negotiate in good faith on the dismissal of the first three workers, ● The company refused to negotiate on the resulting conflict which led to the strike by another 464 workers, ● The subsequent dismissal of the 464 workers,

● After these dismissals the company hired workers on a racial and not economic basis (Coloureds were employed in place of 464 blacks). The second charge follows the dis-

missal of five workers who were on leave during the strike and who, the union alleges, were dismissed because they refused to resign from the union or in any way dissociate themselves from its activities.

The company has welcomed the application for a conciliation board, saying it would prove who was right and who was wrong.

It has indicated a willingness to reconsider the matter, but only if new facts emerge. Simba's managing director, Mr Jan du Toit, has said that nine meetings of the company and union have been held since the strike. He was satisfied the dismissals were justified.

The company, and especially Simba Chips, face a countrywide boycott over the dispute.

The SFAWU general secretary, Mr Jay Naidoo, announced this week that East Rand members of the National African Federated Chambers of

Commerce (NAFCOC) had come out in support of a boycott.

However, the majority of cafe outlets in East Rand townships will be affected by the decision.

Dozens of support committees for the boycott are being set up around the country, including in Durban, Maritzburg, Johannesburg, all East Rand townships and in Lenasia.

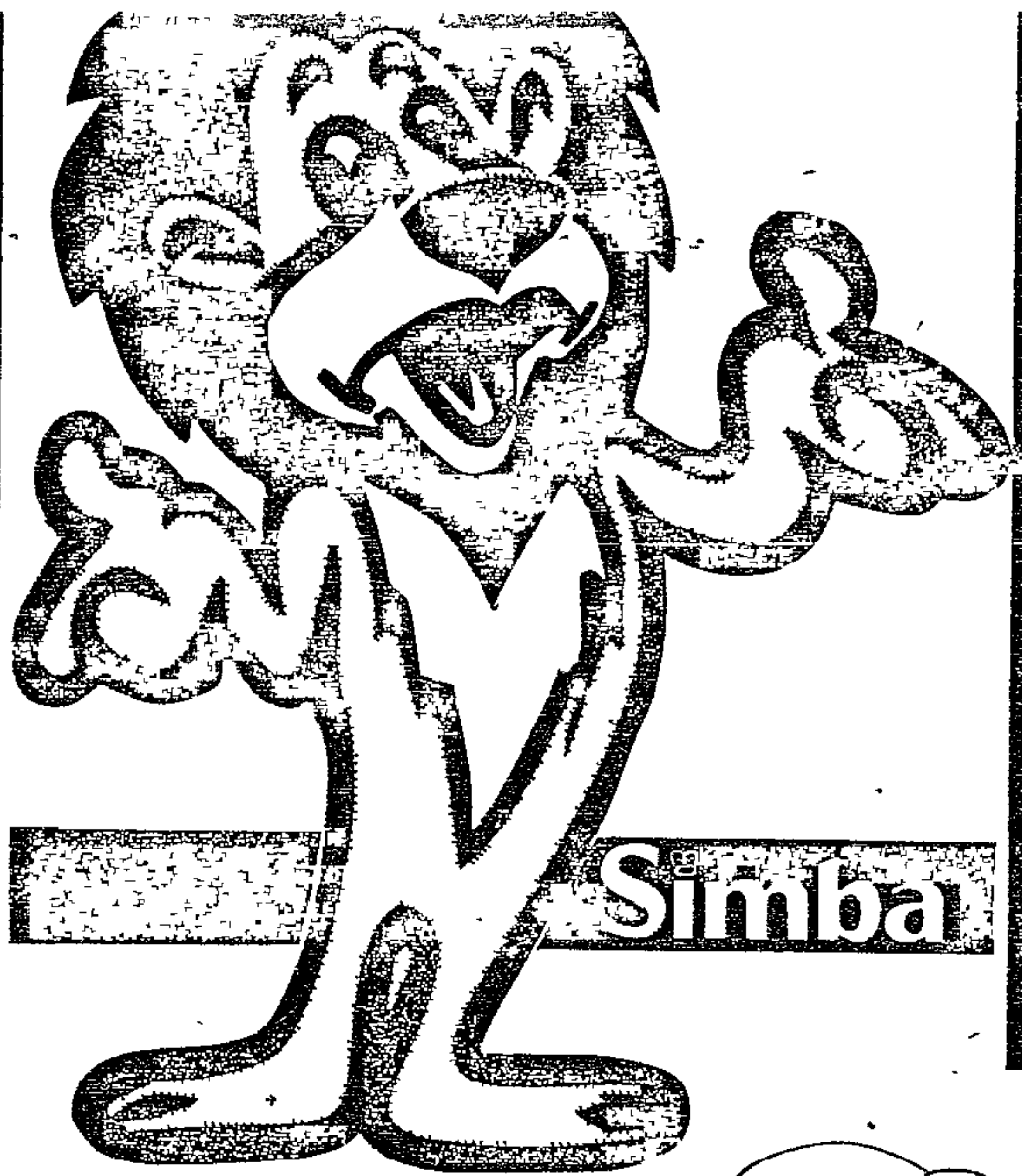
Support for the boycott has already been expressed by more than 30 trade unions, including community organisations which will urge their members to boycott Simba products.

The company has stated that a boycott would not be in the interests of the economy, consumers or its remaining 900 black employees.

The organisations which have come out in support of the boycott include the Federation of South African Trade Unions (Fosatu), the Council of Unions of South Africa (Cusa),

the Commercial, Catering and Allied Workers' Union of South Africa (CCAWUSA), the National Federation of Workers (NFW), the African Food and Canning Workers' Union, the General Allied Workers' Union (GAWU), the South African Allied Workers' Union (SAAWU), the Johannesburg Scooter Drivers' Association, the Azanian Students Organisation (Azaso), the Congress of Students of South Africa (Cosas), the United Democratic Front (UDF), the Transvaal and Natal Indian Congresses (TIC and NIC), the National Union of South African Students (Nusas), the South African Council on Sport (Sacos) and Diakona.

International support for the boycott may also arise from the SFAWU's decision to notify the International Union of Food and Allied Workers' Associations, to which the SFAWU is affiliated.



Simba's profits chipped away

7/10/84 C. Press

SIMBA profits could be chipped away as a country-wide boycott of their products started this week — backed by several trade unions, student organisations, churches and community organisations.

On Wednesday, Simba managing director J C Du Toit was in Cape Town for a meeting with the Western Cape Traders' Association, whose more than 2 000 members had promised their support for the boycott.

WCTA officials said that they represented business people's interests — but also saw itself as community-based, because its customers were members of the community.

"We take up community issues because our customers come from the community and we depend on them.

"When 464 people are dismissed — as in this case — it makes quite a dent. We hope to play a mediating role between Simba management and the Sweet,

CP Correspondent

Food and Allied Workers' Union

"We sell hundreds of thousands of rands of these products daily — so we believe Simba's management must take us seriously," said WCTA officials.

Traders in Durban, Maritzburg and several Transvaal townships have also pledged support for the boycott.

And in a massive wave of sympathy for the sacked Simba workers, more than 30 trade unions — including Fosatu, Cusa, AFCWU, Saawu, Gawu and Ccawusa — have also pledged their support for the boycott.

They were joined by several community, sport, student and church organisations — including Azaso, Cosas, UDF NIC, TIC, Nusas, Sacos and Diakonia.

Committees to co-ordinate support for the sacked workers have been set up all over South Africa.

The trouble began more than a month ago — when 464 workers were sacked by management after they went on strike in sup-

port of three colleagues who were dismissed.

SFAWU's Jay Naidoo said two of the three were sacked for refusing to work a double shift and a third for throwing a potato into a container.

After the 464 were sacked for their sympathy strike, management allegedly told SFAWU that they had problems communicating with the African staff and had decided to hire coloured workers "because it was easier to talk to them".

"When we challenged them about this racist attitude, they said it was their right to decide who they would hire and fire," Mr Naidoo said.

After the boycott spread, Mr Du Toit conceded that Simba's business would be affected because they did a lot of business in black areas.

Commenting on Simba's employment of coloured workers, he said the company had not been racist, but that when they had to re-hire workers, "there were coloureds at the gate".

SFAWU have started preliminaries for an application for a conciliation board hearing on all the sackings.

Sweeten 8/10/84 186

Unions support boycott

By JOSHUA RABOROKO

MORE than 30 trade unions and community-based organisations representing over 400 000 people have pledged solidarity for the boycott of

Simba products following the dismissal of workers at Simba Quix

The boycott has been called by the Fosatu-affiliate Sweet Food and Allied Workers Union which represents the majority of the 422 workers sacked by the company during August

Unions and organisations who have pledged support for the boycott include the Council of Unions of South Africa (Cusa), Fosatu unions, Food and Canning Workers Union, Saawu, General and Allied Workers Union and the

Commercial Catering and Allied Workers Union

Church, political and student organisations who have come out in support of the boycott are the UDF, Cosas, Transvaal Indian Congress, Natal Indian Congress, Azanian Students Organisation and the South African Council of Sport

An SFAWU spokesman said that committees have been set up in different parts of the country to co-ordinate the support for the

Simba workers The union also intended notifying the international secretariat of the International Union of Food and Allied Workers' Associations in Geneva of the boycott.

"We have tried our best to persuade the Simba management to return to the negotiating table to resolve the dispute Three workers were earlier fired and thus followed the dismissal of the entire workforce, the spokesman said The company's spokesman said that several meetings have been held by them and the union representatives in an attempt to resolve the matter The dismissals had been investigated again and found to be fair

Attempts to persuade union officials to discuss the strike had failed The workers had been dismissed within the terms of the recognition agreement with the union

DOM 8/10/84 (1884) ~~1984~~
Boycott weapon ready to be unsheathed

BY PHILLIP VAN NIEKERK

UNLESS Simba Quix and the Sweet, Food and Allied Workers' Union settle their dispute soon the country could be launched into its biggest consumer boycott since 1981

In the late 1970s and early 1980s there was a major consumer boycott every year. Fatis & Monis in 1979, red meat in 1980 and Wilson Rowntree in 1981.

Then the boycott seemed to lose its effectiveness as a weapon, partly from overuse and partly from choosing the wrong products to boycott.

Unions adopted new strategies, in particular making use of the legal channels opened up by the Labour Relations Act.

The industrial court — which in recent years has increasingly become part of the fabric of labour relations — has tempered some of the absolute rights of management.

It is not the only battlefield in industrial relations, however, and not the only available recourse for a union — for instance — whose members have been fired.

The boycott strategy involves tapping the support of the community — from which the workers are drawn — who are also consumers of the products of the company which fired the workers.

As a strategy it is more effective during periods of heightened politicisation and solidarity in the community. This is what puts 1984 into the same camp as the late seventies.

201 9/10/84 (186) (186)

Chips are down in boycott dispute

By PHILLIP VAN NIEKERK
SIMBA-QUIX'S management is to meet the Sweet, Food and Allied Workers' Union (SFAWU) today, to resolve the dispute which has sparked a potential nationwide boycott of Simba products, the firm's managing director, Mr Jan du Toit, said yesterday.

The union has said it is prepared to settle, provided their sole demand is met.

This is the reinstatement of 464 workers fired during a work stoppage in August. The stoppage was in sympathy with three colleagues who

workers believed were unfairly dismissed.
Mr Du Toit said.
"We are going into the meeting today with an open mind."

A number of trade unions and community groupings have expressed support for the boycott, while other groups are awaiting the outcome of today's meeting, before deciding on whether to call a boycott.

Mr Du Toit said Simba sales had not yet been hit by the boycott, but he could not say what would happen if the boycott went ahead.

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Simba bids to end

SIMBA Quix management has agreed to hold a meeting with representatives from the Sweet Food and Allied Workers' Union (SFAWU) in a bid to settle the dispute and halt the boycott of Simba products.

Mr J C du Toit, managing director of Simba said the meeting was to be held yesterday with union representatives

This follows repeated calls by SFAWU to the company to hold discussions over the dismissal of more than 400 striking Simba workers on August 10

A total of 464 workers at the company's Isando plant went on strike over the alleged unfair dismissal of three colleagues whom they demanded should be reinstated

Within a day of going on strike, 422 workers were fired in terms of the peace clause in the recognition agreement signed with the union, said Mr du Toit

A new workforce was then taken on and last

boycott

week, SFAWU and the Simba Workers' Committee launched a boycott of Simba products

By the end of last week, a number of trade union and civic organisations, representing the support of some 400 000 people had offered their support in the boycott

However, Mr du Toit said it was not yet possible to determine the effect or the extent of the boycott. At this stage it did not appear to be having any impact

Save for 11/10/84

100 Industria workers strike

By ALI MPHAKI

MORE than 100 workers at the Gold Star Yeast Company in Industria went on strike this week after management allegedly threatened to "fire them all" and get "guys from Zimbabwe."

Workers' leaders said management was also trying to do away with eight salesmen by transferring them against their will to another yeast company. The salesmen refused.

They claim management was also contemplating scrapping the R100 monthly commission they were being paid.

A spokesman for the company, Mr Ray Stout, said there had been a work stoppage on Monday and Tuesday but the cause was still unknown.

He said discussions were still in progress between management and the workers. "All is now under control as the workers have resumed their duties," he said.

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Sweetan 12/10/84

KQW 12/10/84 (186) 47

Bid to end dispute at Simba Quix

Mall Reporter

EFFORTS to resolve the dispute between the Sweet, Food and Allied Workers' Union and Simba Quix are continuing after the company and the union met on Tuesday

The dispute has sparked off a boycott of Simba products

Mr Jan du Toit, managing director of Simba Quix, said this week's meeting was a preliminary to a meeting to be held next Tuesday

At this meeting they would try to resolve the dispute

A spokesman for the union — an affiliate of the Federation of South African Trade Unions (Fosatu) — said yesterday the boycott would not be called off until there was a settlement.

The union is demanding the reinstatement of 464 workers fired at Simba's Isando plant after stopping work in August in sympathy with three dismissed workers

Mr Du Toit said Tuesday's meeting had simply been an exchange of viewpoints and was not meant to be conclusive

"We agreed to go back to our directors and the union officials agreed to go back to their executive with the different viewpoints which were expressed at Tuesday's meeting

"I remain hopeful that a settlement to the dispute is possible," Mr Du Toit added

He would not say what exactly had been offered and discussed at the meeting

O. Dispatch 13/10/84
**Management denies
Supa Food strike**

EAST LONDON — The staff reduction at Supa Foods factory in Dimbaza was due to the downturn in the economy, Mr P Busby, managing director of the company, said yesterday

Mr Busby denied claims by some workers that there had been a strike in the production section

Workers claimed the strike was caused by the abusive language used by a manager to workers at the factory, but Mr Busby said his factory had been operating normally throughout the week.

"We have never had a strike since we started operating in Ciskei," he said

He could not say how many employees had been retrenched yesterday — DDR

By SELLO
RABOTHATA

THE Sweet, Food and Allied Workers Union (SFAWU) yesterday issued a statement condemning the "deliberate assault on the chairman and the secretary of the Simba workers committee as a blatant act of police intimidation."

According to the general secretary of the union, Mr Jay Naidoo, chairman Mr Walter Mbekela, and the secretary, Mr Paul Mosime, said they were picked up by police in riot uniform last Monday night

"According to them, they were first assaulted before they were even questioned. It was only learnt later that the po-

Sunday 15/10/84

SFAWU condemn assault on Mbeleka

licemen demanded stickers and pamphlets related to the Simba boycott," Mr Naidoo said

Lieutenant Colonel H V Haynes, Press liaison officer for the South African Police in Pretoria, yesterday said he could not confirm that the two men had been picked up by police. He said if the two claim they were assaulted by police they should lay charges at the nearest police station and the matter would be

investigated

Mr Naidoo said the two men were taken to the Tembisa police station where they were interrogated at length about the union involvement. The police then allegedly confiscated all stickers and pamphlets and promised to visit them again

In the statement SFAWU said "We condemn the police interference in the legitimate struggle of the Simba

workers to gain their reinstatement. This undemocratic action only highlights the fundamental injustice and lack of democracy in the present system.

"Our union is presently involved in discussions with the company's management to resolve the present dispute and these can be jeopardised by the unwarranted and arbitrary action of the police."

~~SFAWU~~
~~SFAWU~~

accuses

Stan 186
SAP of

15/10/84
intimidation

Labour Reporter

The Sweet Food and Allied Workers' Union (SFAWU) today criticised the South African Police for what it called "blatant intimidation" in the Simba Quix boycott.

According to Mr Jay Naidoo, general secretary of the union, police swooped on the chairman and the secretary of the Simba-Quix workers committee, questioned them and then confiscated stickers and pamphlets on the Simba boycott.

INVOLVEMENT

Mr Walter Mbekela and Mr Paul Mosime were taken to the Tembisa police station by police in riot uniform and interrogated about the union's involvement in the boycott which has been running for three weeks, said Mr Naidoo.

"We condemn the police interference in the legitimate struggle of Simba workers to gain reinstatement.

"Our union is presently involved in discussions with Simba Quix management and these could be jeopardised by the unwarranted and arbitrary action of the police."

Reacting to the allegations, a spokesman for police headquarters in Pretoria said they were not prepared to comment on routine investigations. He said that any person with a complaint against the SAP should sign a sworn statement and the matter would be investigated.

LABOUR NEWS

210 will
get jobs
back

Mall Reporter

A MEAT factory in Welkom has agreed to recognise the Food Beverage Workers Union (FBWU) after workers staged a week's strike

The company, OKK Foods, agreed to recognise the union after verification of union membership, which is to take place later this week

The OKK dispute started at the beginning of the month when the company announced that it was to retrench 18 workers, and the remaining 210 at the plant went on strike

A spokesman for the union said all 210 were arrested and charged with trespassing, after they defied a management ultimatum to return to work by 9am

The workers were released after appearing in court on charges of trespassing

An agreement was reached in which the 210 workers would be reinstated without loss of benefit, but not the 18 retrenched workers

The FBWU — an affiliate of the Council of Unions of South Africa (Cusa) — has only been active in the Welkom area for a short period

Reinstate 90, union tells ice cream firm

ROM
18/10/84

186

Mail Reporter

THE FOOD Beverage Workers' Union of South Africa has demanded the immediate reinstatement of about 90 workers at the Dairy Maid Ice Cream Corporation's plant in Olifantsfontein and have threatened to take Industrial Court action if the demand is not met.

The workers were dismissed by the company in February after the entire workforce of about 300 held a work stoppage in support of a demand that a white employee who had allegedly assaulted workers be dismissed.

Just over 200 workers

were subsequently reinstated but not the remaining 90.

The union has dismissed a settlement proposal by the company to compensate the dismissed workers, who include union representatives, and to re-employ them on a selective basis when vacancies occur.

The union has handed the case over to legal representatives and claims that more than two dozen unfair labour practice charges can be brought against the company.

Neither the plant manager nor the managing director of Dairy Maid could be reached for comment yesterday.

DairyMaid offer is ^{Star} rejected by union

19/12/84 By Carolyn Dempster,
Labour Reporter

The Food, Beverage Workers' Union has demanded the unconditional reinstatement of 106 striking workers dismissed from the DairyMaid Icecream Corporation's Olifantsfontein plant in February this year.

The demand has been made amid allegations that the employees were assaulted, insulted and subjected to unfair labour practices as a prelude to firing.

In a bid to settle the dispute which has been brought before the Industrial Council for the Dairy Industry, DairyMaid made an offer of R5 000 to the dismissed workers who up to last week had not found alternative employment.

The ex-gratia payment, and an offer to recognise the union and re-employ the dismissed workers should vacancies arise, was rejected by the FBWU.

Certain of the dismissed employees have a record of long service with DairyMaid, and one had worked for the company for 32 years. If DairyMaid had wanted to employ the dismissed workers, they could already have done so, argues the union.

R.O.M. 1911/10/84
Union (186)
makes chilling claims

Mall Reporter

THE Food Beverage Workers' Union has charged management at the Dairy Maid plant at Verwoerdburg with committing at least 72 unfair labour practices and numerous breaches of the industrial council agreement.

The charges include assaults of, and insults, to black workers, unfair wage deductions, excessive overtime, health and safety offences, unfair dismissal, negotiating in bad faith and attempting to destroy the union.

A letter from the union's legal team to the industrial council for the ice-cream manufacturing industry said they had "never come across more disturbing allegations in a labour matter".

The company is owned by Barlow Rand

Mr A van Rhyn, Dairy Maid's group personnel manager, yesterday described the charges as a "bit of an overstatement" and said the company "prides itself on trying to do things the right way"

Mr Van Rhyn said he was "very perturbed" at the claims, which have led to the FBWU calling for an urgent meeting of the industrial council in a bid to resolve the dispute.

The allegations follow from a dispute between the union and the company arising out of a work stoppage in February which led to the dismissal of more than 90 workers. The union is calling for their unconditional reinstatement.

In papers submitted to the industrial council, the union has alleged numerous cases of assault by white managers against black workers at the plant, including in one case in which a worker was allegedly placed on a moving conveyor belt.

Mr Van Rhyn said many of the allegations were "completely inaccurate" and they were taking immediate steps to investigate the situation.

Referring to the assaults, he said the company employed nearly 500 people and could not vouch for everyone. They had investigated and discovered there was one minor incident which had been "blown out of proportion".

19/1/84
Critical
meet over
Simba row

Mail Reporter

A FURTHER meeting aimed at resolving the dispute between the Sweet, Food and Allied Workers' Union (SFAWU) and Simba Quix is to be held on Monday.

The dispute arose from the dismissal of 464 workers for participating in a work stoppage in August this year.

Mr Jay Naidoo, general secretary of the SFAWU, said Monday's negotiations on the issue would be "crucial" and that hopefully a settlement would emerge.

ADM 24/10/84 (196) (151)

Union-Simba talks on

Mall Reporter

ANOTHER meeting is to take place between the Simba Quix company and the Sweet, Food and Allied Workers' Union which is demanding the reinstatement of 464 workers dismissed by the company at its Isando plant in August after a work stoppage

The dismissal has sparked off a wide scale boycott of Simba products

The managing director of Simba, Mr Jan du Toit, would not reveal details of the talks held with the union on Monday — and described as "crucial" by a union spokesman last week — but said that another meeting would be held "soon"

Mr Du Toit said yesterday that the important thing was that the two parties "were still talking"

Union spokesmen could not be reached for comment.

25/10/54

More Simba talks

THE Fosatu-affiliated the Sweet Food and Allied Workers Union is to hold another round of crucial talks with Simba Quix management next Monday in an attempt to end the widespread boycott of the company's products.

The union's chairman, Mr Chris Dlamini, said that the past various meetings between the parties took place in a "conciliatory spirit" and he was hoping that the dispute will be resolved soon.

The row was sparked off after the company had dismissed about 420 employees following a strike at the plant. Workers resorted to this after three colleagues were sacked.

Boycott

The union has since launched a boycott of the company's products in an attempt to pressure management to reinstate the workers and eliminate "scabs" on the plant.

The boycott, which has entered its sixth week, took a dramatic turn when two union officials — Mr Paul Mose, chairman of the branch, and Mr Walter Mbeleki, secretary — were held and questioned and boycott stickers confiscated from the union's offices.

Mr J C du Toit, managing director of Simba, yesterday confirmed that a meeting was held but said that a date would still have to be set after consulting with Sfawu chairman, Mr Dlamini.

FEDFOOD

Wanting a bigger bite

180

Fedfood is a medium-sized food conglomerate operating in an overtraded industry. Margins are thin, and there are two tough and resourceful competitors. The company's answer is not to diversify out of food, but to generate growth from existing assets.

Fedfood believes that with the bulk of its capital spending and management re-organisation now behind it, it is favourably poised to capitalise on growth in the food sector. That growth, according to Johan Louw, Fedfood MD, and his close colleague, finance director Francois Rossouw, will come from population increase and an upmarket shift in consumer food preferences. They also hold out the possibility of exports to black Africa and future diversification into food-related industries.

Fedfood has spent the last five years on a spree of acquisitions in order to build a wide range of food interests (see chart). This meant making headway against the long-established Tiger and Premier groups, so suitable takeover prospects were limited. Companies taken over often required heavy capital outlays and considerable management effort to bring to profit.

"Our investments were mostly in ailing companies which we had to buy at a premium," says Louw, who has been MD since the group's inception. "But we turned them

Fedfood is looking to an upmarket trend in food consumption to keep growth in the sector buoyant. The market is taking a cautious view of the share, though growth is likely to remain steady — but slow in line with recessionary conditions.

around and have improved our market share in all spheres of our operations in the last two years. We have built a base for further expansion."

Fedfood's rivals, however, have a different tack for expansion. Premier, its capital base strengthened by a 34% stake in SA Breweries, SA's leading consumer group, is looking for growth overseas and through industrial and consumer diversification. It controls Ovenstone Investments and jointly controls CNA/Gallo with Argus. Tiger has R164m of cash on hand following the sale of its 29% stake in UK concern Bibby to Barlow Rand. It is on the lookout for foreign investments as well in food-related and packaging industries which offer better margins.

"In the next two years, I can see us all struggling," comments Rossouw. "But relying on Fedfood's existing portfolio, we will

concentrate on improving the profit potential of our existing divisions. After that, I believe that growth in consumer spending will carry us through."

Fedfood started up in 1977 out of the old Marine Products fishing concern and the milling and malt interests of Federale Volksbeleggings, which owns 65,8% of Fedfood's shares. Fedvolks was keen on diversifying its food assets, which at the time were dependent on fishing.

Fedfood's acquisitions were not always uncontroversial. It paid R6,4m in 1978 for a 51% stake in the Ruto group, then the largest independent miller and baker in SA. Tiger, however, had attempted 15 months earlier to acquire a 51% holding in Ruto for R8,8m — but, surprisingly, its purchase was blocked by the Monopolies Board. So when Fedfood later concluded what journalists said was a bargain, accusations of government favouritism were rife.

Rossouw says the lower price was justified as certain negative investment features only surfaced in the intervening months between the bids. Crucially, the acquisition enabled Fedfood to acquire a vastly stronger presence in milling and baking, which was the springboard for the group's growth.

Rapid expansion, however, brought profit strains in its wake. Taxed profit fell by

15% in the year to end-March 1983, despite a 17% advance in operating income, due largely to a near doubling in the interest bill from R10,9m to R19,5m Earnings a share fell 20% from 82,9c to 66c

Management took firm action to staunch the losses Loss-making trading activity was rationalised and cost control tightened Borrowings, which had soared from R43,9m in 1980 to R112,1m in 1983, were cut to R94,4m in 1984 Fedfood also benefited from an upswing in fishing earnings, which moved from loss in 1983 to contribute 14% to group profit in 1984 Earnings a share returned to the 82c levels of 1982

Lower earnings

But the market manifests caution Since the 1983 earnings setback, Fedfood's share price has steadily underperformed the food sector average (see chart) This reflects the group's lower earnings and dividend growth when measured against Tiger and Premier Fedfood's 7,1% dividend yield on a 425c share price compares with a 6,8% sector average Whether Fedfood will achieve steady earnings advances, when its experienced rivals are depressed about longer-term prospects — and in the wake of a resurgent challenge from Tiger — remains to be seen

Life certainly promises to get tougher for Fedfood's grain processing and baking business, which contributes over 50% of group income Fedfood faces competition from Tiger to its dominant bakery market share in Pretoria And black consumer resistance to the yellow/white maize meal combination, necessitated by the drought, has also cut the food industry's maize meal sales

Milling and bakery margins are under severe pressure, mainly because of price control "We want a realistic return on our capital, especially at a time of high interest rates," Louw comments "There is no way that you can gear investment in milling and baking on a 15% return on depreciated val-

ue We need in the vicinity of 20% on depreciated assets, otherwise you are going to find that in the medium and long term the industry cannot cope with demand"

Of course, the abolition of wheat import and price controls would help the millers, bakers and consumers since bread could be made more cheaply with imported wheat The wheat raw material cost of SA-made bread, says Louw, comprises some 40% of the end-selling price compared with 8% in the US But government is unlikely to follow the free trade solution for fear of farmer bankruptcies and because wheat is seen as a strategic commodity which must be locally grown

Meanwhile, Fedfood is worried about government privatising its sorghum beer interests Government is the largest sorghum beer maker in SA, while Fedfood is the main malt and brewer's grits supplier Fedfood could lose supply contracts on any sorghum business awarded to its competitors, who would develop their own sources

Other sectors of Fedfood's activity offer brighter scenarios Fishing has been a poor contributor to group profit in the Eighties, more than justifying Fedvolks' decision to diversify out of it, though it recovered strongly last year This year the industry's hopes for an outstanding season were dashed when only 10% of the SWA anchovy quota entitlement was caught The SA season went well, so Fedfood's fishing earnings this year should be maintained Fedfood's Chilean investment, when developed, should also serve to stabilise earnings

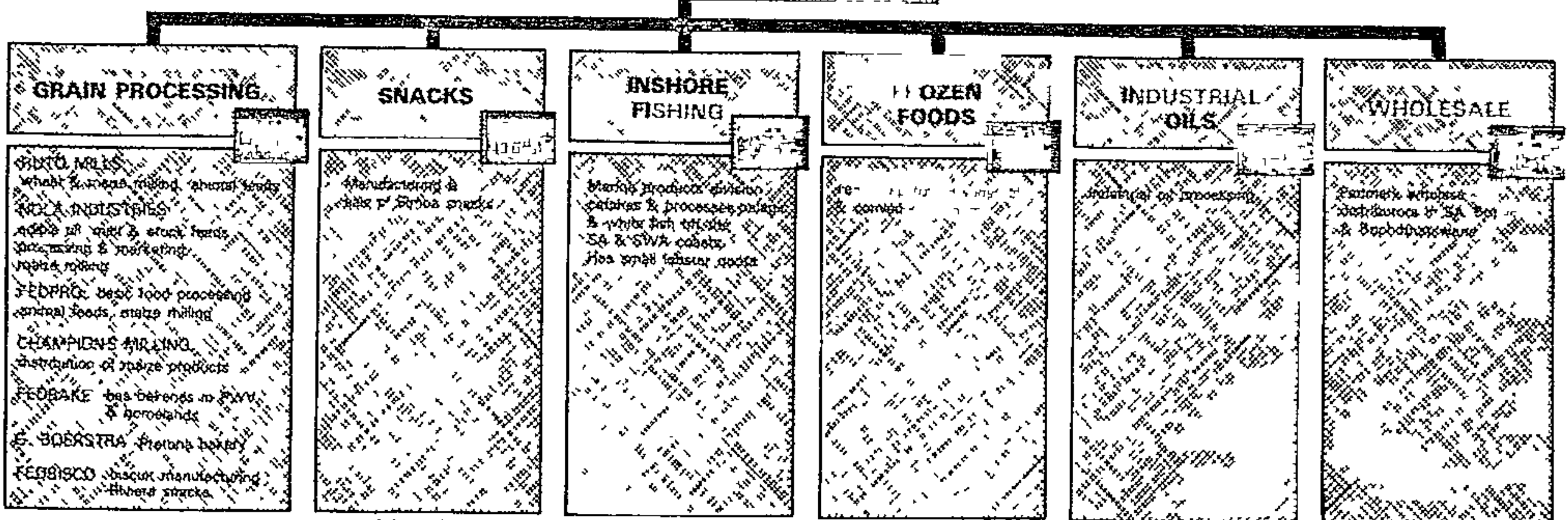
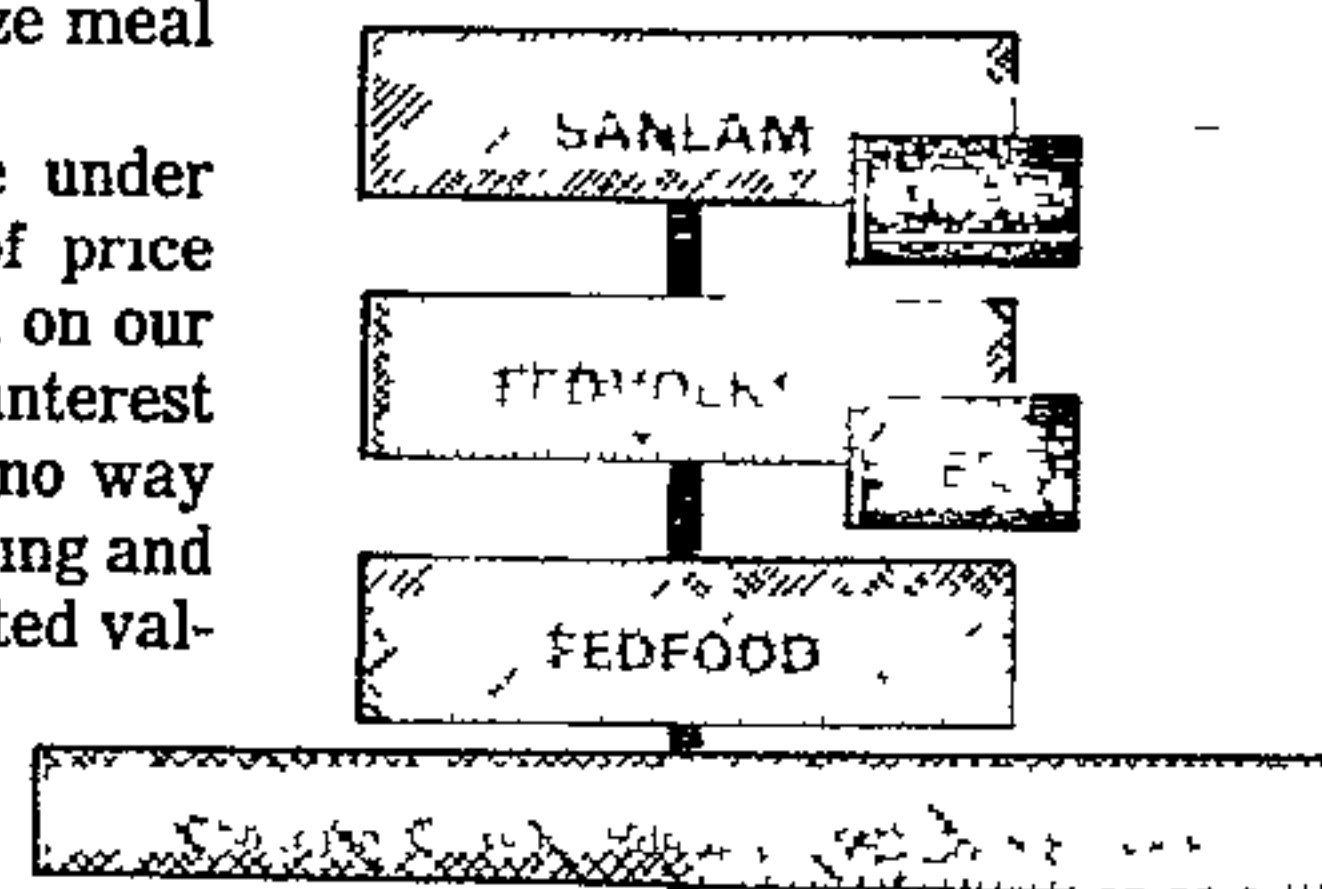
Simba snack sales have continued to



Fedfood's Rossouw and Louw ... base for growth

move ahead, despite the recession and last year's massive potato price hike Louw attributes this to the popularity of the Simba product and to chocolate having become outpriced He expects further growth Table Top frozen foods, the best selling frozen vegetable brand in SA, has made losses in the last two years But a better growing season in George, where most of the vegetables are grown, and a cut in borrowings, should, says Louw, ensure that Table Top contributes some 8% to 10% to this year's group profit

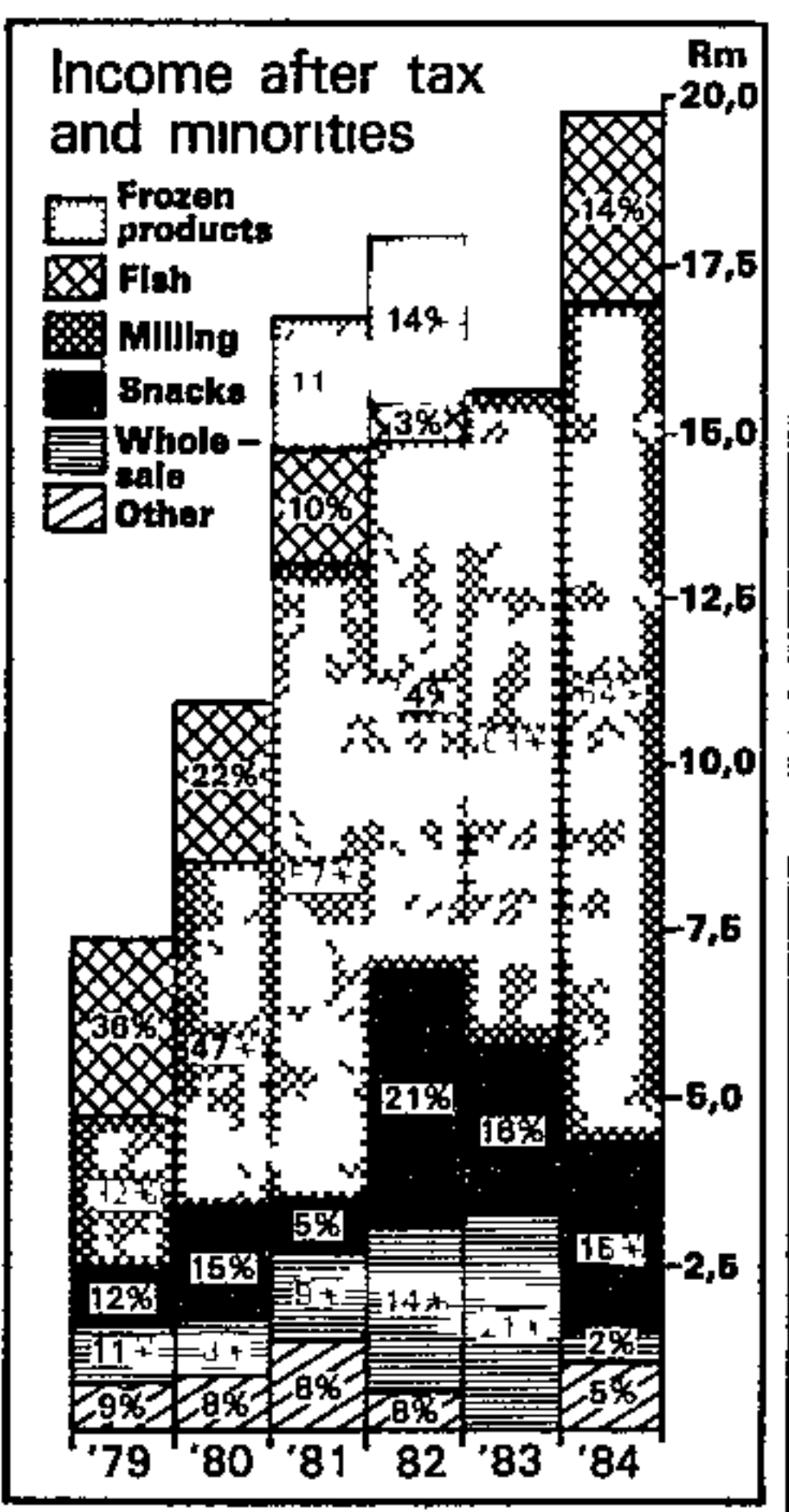
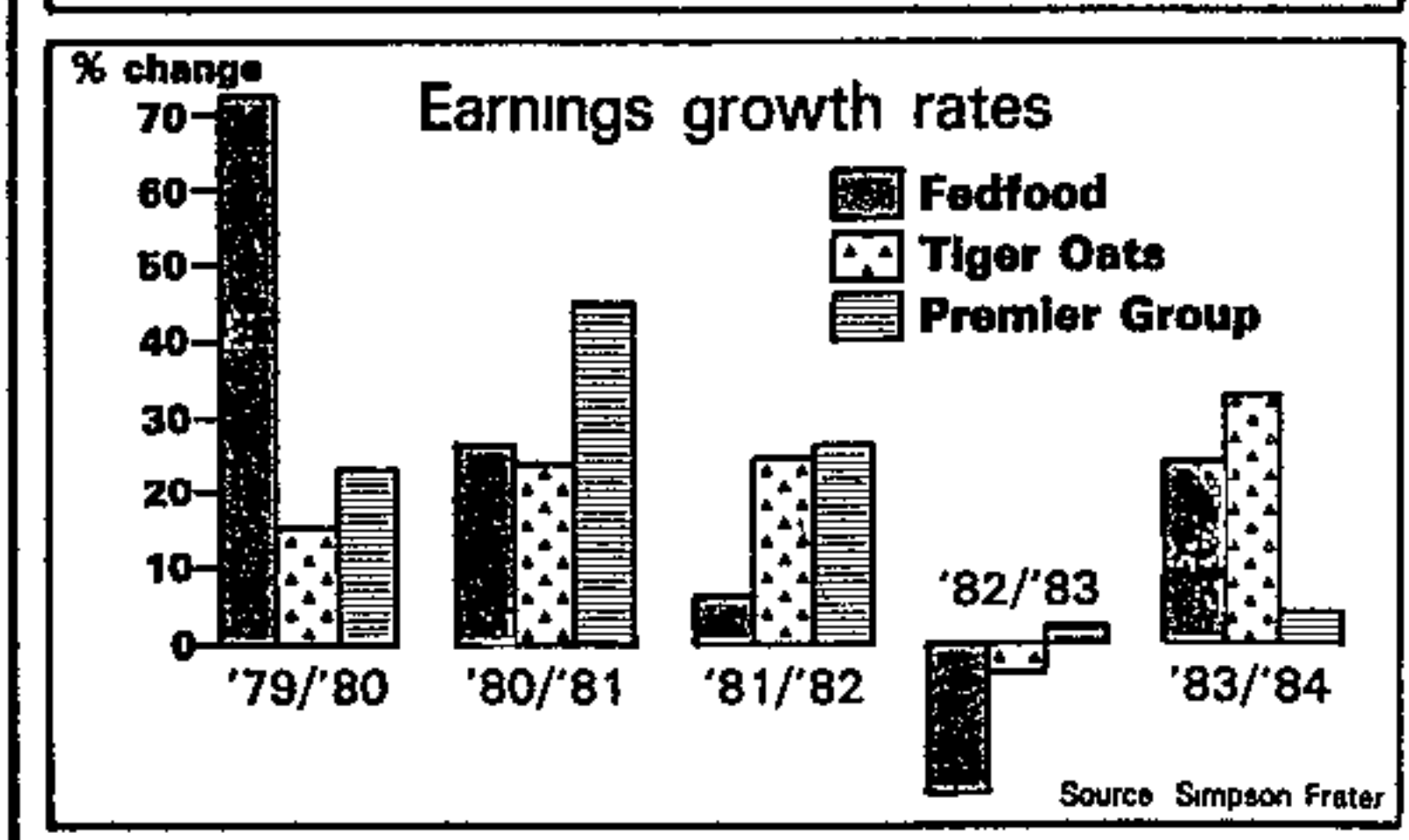
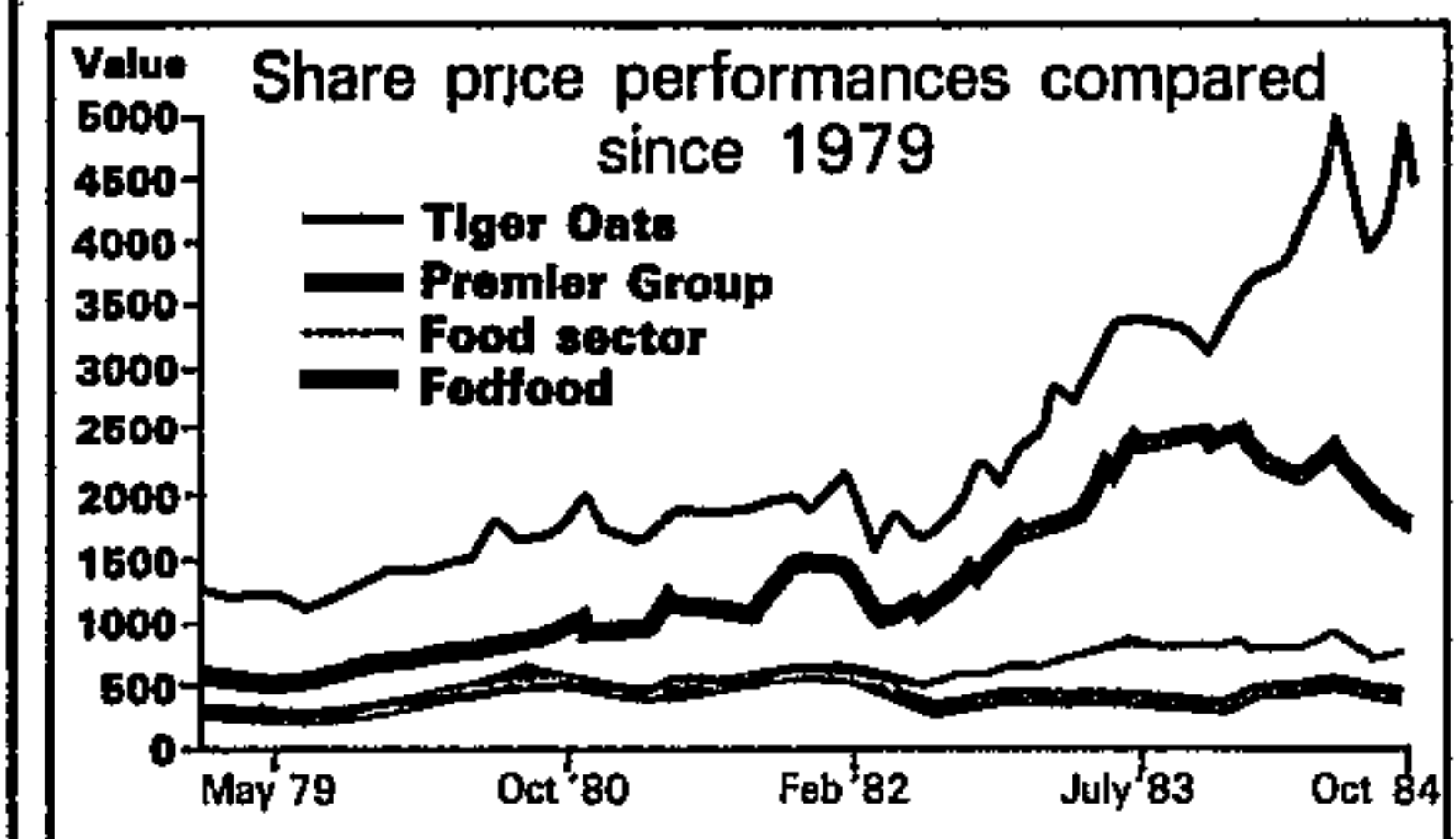
Biscuits are another expansion area Fedfood has rationalised its business operation and it aims to chip away at the roughly 85% market share held by Anglovaal's various biscuit companies More disap-



FEDFOOD'S TENTACLES

(186) FM 20/10/84

FEDFOOD — RUN OF THE MILL



pointingly, Fedfood's wholesaling operations in the black rural areas were hammered by the drought, which slashed consumer demand. The division's group profit contribution collapsed from 21% in 1984 to 2% in 1984 and recovery is likely to be slow.

Rossouw expects future growth to result in a more balanced distribution between the various divisions. He envisages grain processing's contribution, 64% last year, dropping to about 50% in the next two to three years. Fishing would contribute 15%; snacks, frozen foods and wholesaling between 10% and 15% each, and industrial oils manufacturing 5%.

Meanwhile, the consumer spending downturn, reduced milling margins and higher interest rates and taxation will act as depressants to this year's earnings growth. But a good first half looks likely to ensure that earnings are maintained for the year to end-March 1985. Capex and borrowings have also been brought within sustainable limits. With a 3% real profit growth in the last five years, Fedfood looks placed to continue with slow but steady growth.

Christopher Marchand

Talks may end Simba^{Steel} boycott / 29/10/84

Labour Reporter

A crucial meeting which could end the widespread Simba boycott is to be held within the next few weeks between Simba Quix management and representatives of the Sweet Food and Allied Workers' Union (SFAWU).

SFAWU is demanding the reinstatement of 464 workers dismissed from Simba's Isando plant on August 10. The union has already held two preliminary rounds of talks with management.

The workers were dismissed after striking in support of three colleagues who were sacked.

The Simba boycott was launched last month after Simba had already employed new staff to fill the vacant positions.

Mr J C du Toit, managing director of Simba, confirmed today that a meeting was to be held but said the date would be set after consultation with SFAWU president Mr Chris Dlamini.

Simba was analysing the detail of what had been discussed at last Monday's meeting, he said.

Simba to reinstate 396 dismissed workers (1876)

Labour Reporter

The nation-wide boycott of Simba Quix products ended today after Simba management agreed to reinstate 393 employees dismissed in August

2/11/84
The settlement signifies a major victory for the Sweet Food and Allied Workers who launched the boycott in support of their demands for the re-employment of the dismissed members

Staw
A joint statement released after a final round of negotiations between the two parties yesterday said the dismissed workers would be re-employed and return to work on January 2

~~(1876)~~
~~(1876)~~
Agreement was also reached on financial relief for the workers in the interim

Terms of service will be the same as those before their dismissal

2/11/84

Dispute — and boycott — end

Labour Reporter

THE Western Cape Traders' Association, representing about 2 000 black retailers, has announced it will not support a boycott of Simba-Quix products following the settlement today of a 10-week labour dispute

The dispute, between the Fosatu-affiliated Sweet, Food and Allied Workers' Union and Simba-Quix Ltd, followed the dismissal of about 450 people who downed tools to protest against the dismissal of three fellow-workers

In a joint statement, the company and union said today that all the workers would be reinstated two months from now

"WILL CEASE"

The boycott of Simba products in the Transvaal and Natal would "immediately cease", the statement said

The WCTA, of which the local Simba distributor is an affiliate

member, threatened last month to support the boycott if a settlement was not reached

The assistant secretary of the WCTA, Mr E Samsodien, said today it was no longer necessary to boycott the product

OFF SHELVES

The WCTA, which held a series of talks with Simba's managing director, Mr Jan du Toit, to discuss the dispute, said although it had not officially called a boycott, some Peninsula traders had already taken Simba products off their shelves

He appealed to them to call off the boycott

The union and the company said the dismissed workers would be re-employed at the firm's Isando plant on January 2

The company and the union had agreed to financial relief for the workers until then, the statement said

Dispute ends as Simba reinstates 400 workers

By PHILLIP VAN NIEKERK

IN an end to one of the key labour disputes of the year, Simba Quix has agreed to reinstate all the more than 400 workers fired at their Isando plant during a work stoppage in August.

The settlement also ends the nationwide consumer boycott of Simba products, which was used to put pressure on the company to re-employ the workers.

The settlement — which was announced in a joint statement by Simba and the Sweet, Food and Allied Workers' Union (SFAWU) — was reached at a meeting in Isando yesterday between SFAWU officials and Simba representatives.

The statement said that in terms of the settlement the dismissed workers would return to work in two months' time, while the boycott of Simba products would cease immediately.

The workers were dismissed on August 13 for taking part in a work stoppage in sympathy with three colleagues who they believed had been unfairly dismissed.

Yesterday the Federation of South African Trade Unions (Fosatu), the SFAWU, the Workers' Boycott Committee and the workers called on all people and organisations who supported the boycott to cease all boycott action as a "satisfactory settlement" had been reached.

The joint statement said the company and the union had agreed on financial relief for the workers until January 2, and the re-engagement would be on terms agreed upon by the parties and conditions of service equal to those that existed before dismissal.

Mr Joe Foster, the general secretary of Fosatu, said yesterday the federation fully supported and endorsed the terms of the settlement.

After yesterday's meeting, both parties expressed appreciation for the "understanding and sensible attitude" of the other during the final negotiations.

"The parties committed themselves to better co-operation in the future," the statement said.

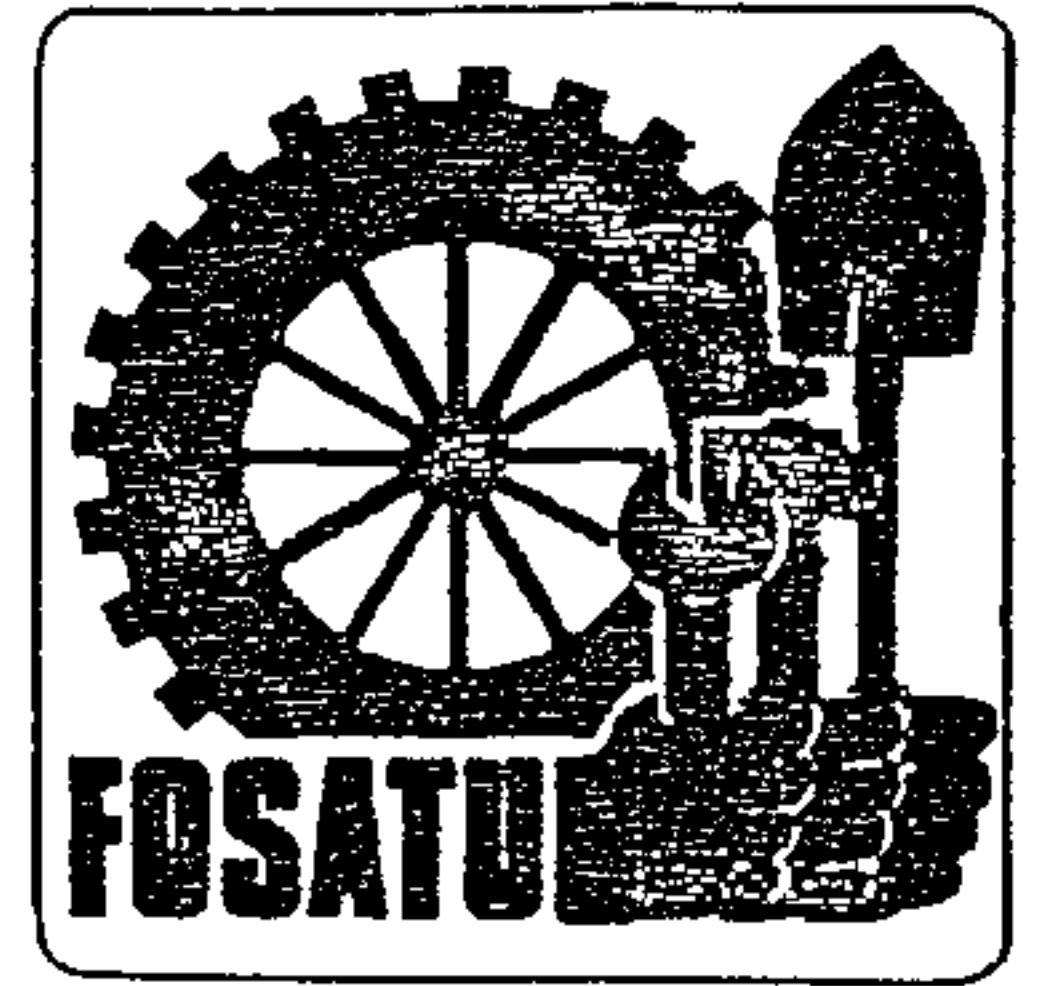
DOM 5/11/81 □ □ □ ~~1986~~
SIMBA QUIX'S decision to settle with the Sweet, Food & Allied Workers Union — announced on Friday — must rank as one of the most important settlements of the year for the union movement.

Simba has agreed to take back all the more than 400 workers fired during a work stoppage in August.

The company appears to have acted sensibly in settling before the nationwide boycott of Simba products could really take root.

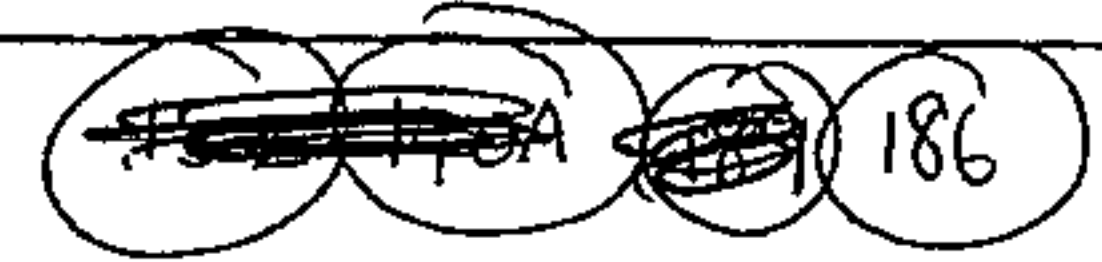
It thus avoided allowing the boycott of its products — which have a large black market — from becoming one of the celebrated township causes of 1984.

The thing about consumer boycotts is that the stigma which becomes attached to the product in the public mind takes a long time to go away.



PRESS STATEMENTS

SIMBA BOYCOTT CALLED OFF



UNION and Simba settled to day 1 11.84.

Simba agreed to -

- * reinstate all the workers with the same conditions, job and wages
- * to reinstate the agreement, and to be negotiated for improvement
- * all workers to resume duties from 2 January 1985 since the company shut down on the 20 December 1984 and need to swiftly notify and pay off the present workforce
- * to offer through union's request an interim relief of R60 000, payable in 2 instalments, i.e. November and December 1984.

SFAWU therefore request all FOSATU affiliates and all other organisations which actively participated or supported the boycott to sincerely announce to their members the complete calling off of the boycott

Sweet Food and Allied Workers Union
1.11.84

WISPECO STRIKE

OVER 300 members of the Metal and Allied Workers Union today entered the third day of their legal strike against local window frame manufacturers, Wispeco, a company which is part of the Metkor group

The strike centres around the company's total refusal to negotiate any substantive matters whatsoever at plant level with MAWU and in particular severance pay for employees who are retrenched.

The company has just embarked on a massive retrenchment programme some 20 per cent of the workforce but refuses to negotiate any form of severance pay for the retrenched

The company claims that it has chosen their national industrial council for the Iron and Steel and Metallurgical Industry as the sole forum where it will negotiate with trade unions and claims all collective bargaining of any substantive nature must occur through this institution.

This strike by MAWU members who followed the procedures laid down in the Labour Relations Act to make the action lawful and which has been supported by employees of other trade unions and non-members is similar to the steps taken against Hart Ltd, which is also part of the Metcor group.

The strike at Hart Ltd, involving some 600 employees which took place some three months ago was eventually resolved where the company agreed to negotiate a long service allowance for employees with MAWU at plant level.

MAWU is of the opinion that the position adopted by Wispeco Ltd, is totally naive and wholly unworkable in that collective bargaining has to take place at a whole range of different levels depending on the issues to be negotiated. This is the pattern which has developed internationally and indeed even SEIFSA the giant Iron and Steel Employers Association has suggested that matters such as severance pay could be handled at plant level. The right to discuss ones wages and unemployment conditions directly with ones employers is fundamental - the refusal of such a right can only lead to substantial industrial unrest.

Metal and Allied Workers Union
6.11.84

~~186~~

186

FM 9/11/84

SIMBA SURRENDERS

The Sweet, Food and Allied Workers' Union (Sfawu) has called off its boycott of Simba products and the company has agreed to reinstate more than 400 workers dismissed in August for striking over the sacking of three of their colleagues. It is still not clear whether the workers, whose sacking led to the strike, will be re-employed.

In terms of the settlement, the strikers will resume work at the beginning of January in order to give the company time to lay off workers who were hired to replace them. All strikers will receive a payment to tide them over to January, but management refuses to reveal precise amounts.

The settlement has raised questions whether the month-long boycott had any effect in bringing the company to terms. Simba MD Jan du Toit says "it is impossible to quantify the effect of the boycott" but it appears that adverse publicity was a prime consideration.

Du Toit says Simba did not suffer financially except for a few isolated instances in which company salesmen reported they were unable to sell their goods to a number of black-owned shops. He admits that the effect the boycott was having on the company's image was far more disturbing.

The FM was unable to contact Sfawu for comment.

Premier Group thrusts deep into African markets

SUNDAY STAR 18/11/84

186 (215)

John Spira

THE R2 000-million a year Premier Group has thrust deep into darkest Africa.

Premier's sales to African countries — many of them openly hostile to South Africa — have climbed dramatically in the past three years.

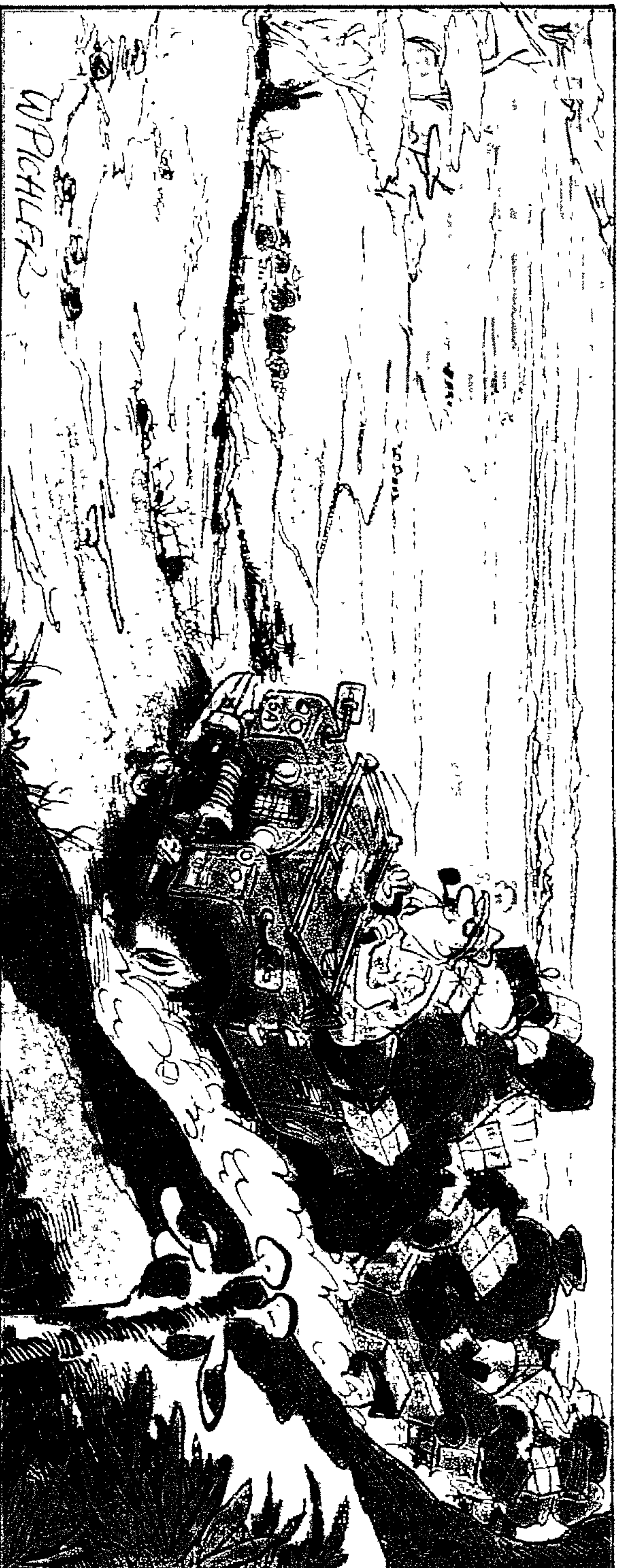
Starting from a virtually zero base in 1981, the group's African export turnover has advanced to a level at which it is thought to represent a remarkable 10 percent of South Africa's total exports to the African continent.

Although the company was unwilling to confirm this figure — which could be upward of R100-million — Albert Nelissen, Premier Food's export director, confirms that the group's sales to African countries have doubled in the past 12 months.

Mr Nelissen points out that his group's progress in the African arena has been achieved in the face of overwhelming difficulties — not all of them in the political sphere.

He says "Our initial decision to tackle the African export market stemmed from a belief that significant potential for Premier lay in countries that were virtually on our doorstep.

"Our eyes were wide open to the difficulties that lay ahead but we felt that time



W. P. RICHLER

would vindicate our strategy. As things stand at present, we're extremely pleased with the results and anticipate further growth in the years ahead."

adds, the road travelled thus far has been an unusually bumpy one, having been negotiated only through painstaking patience and a single-minded determination to succeed.

Among the hurdles that have had to be cleared are:

- Political animosity, which in many instances has been watered down by careful diplomacy, business pragmatism and demonstrations of

- reliability.
- Poorly developed financial infrastructures, prompting Premier to play the role of banker, adviser, intermediary and negotiator. In some cases formal partnership agreements

- have been forged.
- A chronic shortage of foreign exchange — a bottleneck that has been overcome via the almost exclusive use of barter.
- The 1983-84 drought conditions

- in South Africa, which reduced the availability of food products for export. Here Premier has obtained the required produce from abroad in order to maintain an ongoing

From page 1

Premier moves into Africa

ing relationship with its African customers

- Several African countries have been ripped off by unreliable, get-rich-quick commodity traders, giving rise to deep suspicion of foreign suppliers. Premier has overcome such mistrust by providing prompt, efficient delivery at competitive prices

- Transporting goods across Africa is often a hazardous business. It is a process plagued by a poor infrastructure (frequently requiring three to four different modes of transport to get goods from one point to another), pillage, banditry and inefficiency.

Mr Nelissen says that while many of these difficulties have been overcome — with varying degrees of success — much spadework remains to be done.

He stresses that this role, in addition to boosting Premier's bottom line, has contributed to enhanced prosperity on the world's poorest continent.

To page 3

SUN Tm H 25/11/84 (186)

Premier — trapped in the Government mill

By David Carte
THROUGH price control on flour and bread, the Government has forced the big food companies to subsidise basic food prices.

According to Premier Group's chairman, Tony Bloom, the Government has not permitted full recovery of documented cost in the flour-milling and baking divisions. This will knock Premier's pre-tax profit by R8-million in the current six months.

"On one hand, the Government was pressed to increase subsidies. On the other, it saw townships burning and people starving. In between, it saw a bunch of milling companies."

Strategic

So it took the softest option of making the millers foot the bill. This bodes ill for investors in Premier, Tiger and Fedfood.

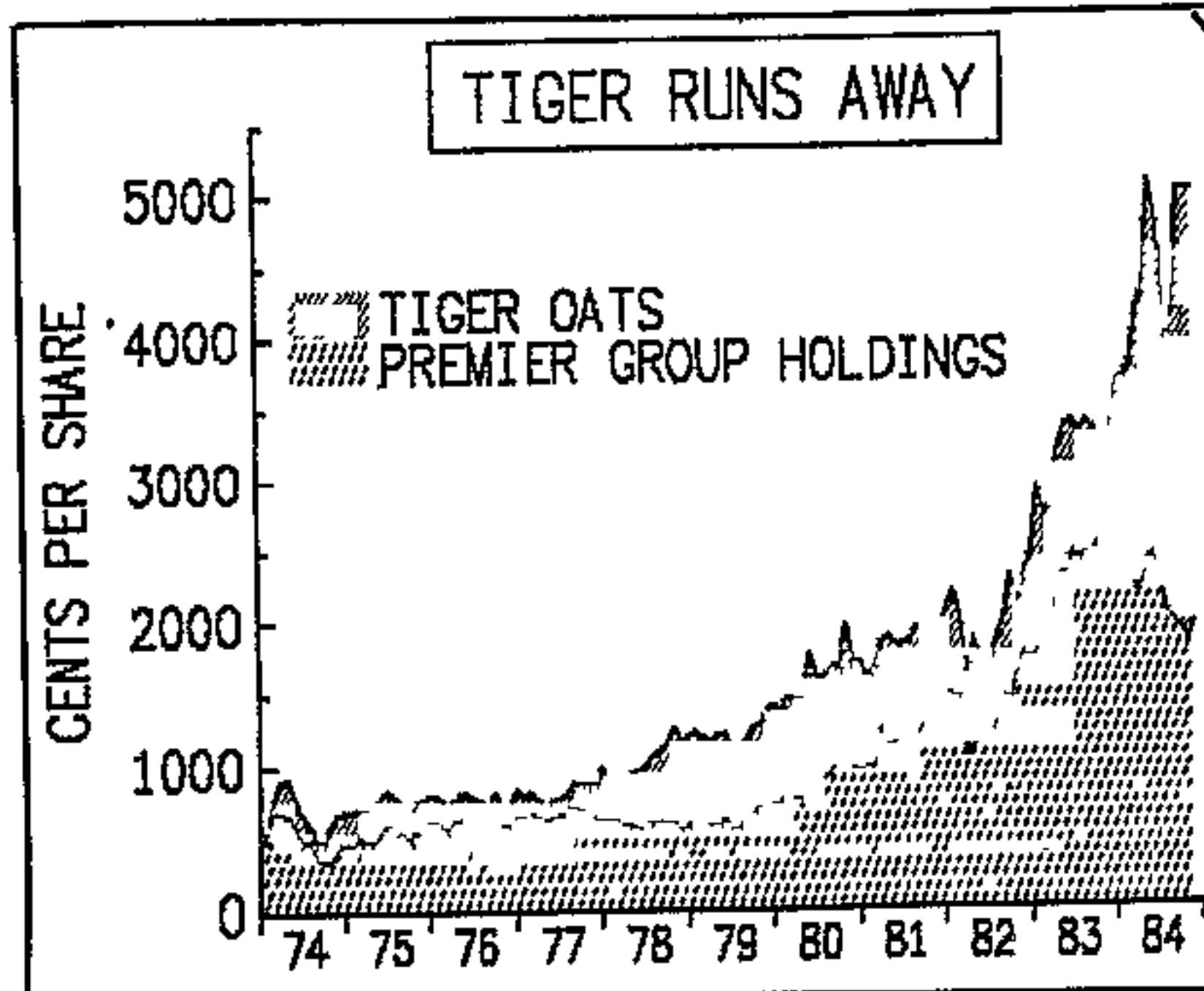
Industry sources say the Government will eventually have to raise prices to give millers and bakers a better return. Otherwise there will be insufficient investment in a highly strategic area of the economy.

At first glance, Premier Group's food profits appear to have tumbled by more than 50% in the six months to September. This false impression is gained by stripping out the earnings contributions of SA Breweries, CNA-Gallo and Ovenstone.

Stabiliser

But Mr Bloom says interest on more than R40-million spent on increasing the Premier stake in SA Brews to 36% (34%) at more than R8 a share must be taken into account.

"It's difficult to get to the food group numbers through the published figures, but I



can tell you the decline in food was around 28%."

Mr Bloom maintains SA Brews should not be stripped out, that it is a legitimate part of Premier. He says SA Brews was a stabilising influence in the period and thus proves that from Premier's point of view last year's SA Brews-Premier deal with JCI and Liberty was highly attractive.

Premier issued shares to the consortium at R25 (compared to R20 now) so, even though in the deal the SA Brews shares were acquired at 885c, compared to 660c now, that is not to be questioned.

With interest rates where they are, Mr Bloom says there is no intention to increase the holding.

Mr Bloom admits that interest cover in the food division is not what it should be. Debt will be reduced by running down stocks in all divisions.

Some analysts say this won't be enough and speculate that although debt equity is low at 34%, equity is inflated by SA Brews shares bought at a premium. They maintain the food divisions needs a rights issue.

"We don't believe a rights issue is necessary."

The argument is that you cannot have a highly geared food division so long as returns on capital (largely controlled) are so low and interest rates so high. Some analysts say Tiger's higher retentions and lower gearing lie behind its better performance in the past 10 years (see graph).

Tiger's new management is still unlocking value built up under Rudi Frankel's conservative stewardship and after extracting so much cash from the fishing companies and Bibby was bound to outperform Premier in the most recent period.

Poultry

Barlows has always stressed asset management. Premier, by its own admission, is only getting down to it now, intending to cut stocks and thus debt by R60-million, and save R12-million a year in interest.

Premier received R9,9-million in dividends from SA Brews and another R2,3-million from CNA-Gallo and Ovenstone. Its own unchanged interim cost R18-

million. Dividend cover in the food division was thus insubstantial.

Premier's total loan and equity funding costs were

Scattered

a staggering R54-million (R36,8-million).

Poultry is the other problem area in food. Most the losing poultry activities were taken over years ago from bad debtors to the feeds division. There have been disease problems in the past and another drawback is that the farms are scattered all over the country.

They are thus not in the same efficiency league as industry leader Rainbow, which is dominant enough to dictate prices.

Management has been revamped and a good deal of time and attention is being devoted to this million-a-month haemorrhage. Mr Bloom does not hold out any hope of a quick solution.

Outlook

With demand for even basic foods affected by the big clamp, and SAB's earnings due for a fall in the second half, the earnings and dividend outlook for the immediate future is less than dazzling.

At R20, Premier is 9,3 times last year's earnings, so the forward multiple is a good deal higher. The historic yield is 4,3%. Only an institution would stay aboard.

The vital numbers sales — R1 174-million (R1 083,4-million), pre-interest profit — R80,7-million (R72,5-million), interest — R35,7-million (R18,9-million); pre-tax profit R45-million (R53,6-million), attributable profit R37,9-million (R49-million), earnings a share 66,9c (87,5c), dividend 32c (32c).

Beer makes Liberty merry

LIBERTY Life's 18-million Premier shares are worth R360-million and comprise a big part of Liberty's life portfolio.

Liberty director Roy McAlpine acknowledges this, saying "But there is an enormous spread within the Premier investment. Don't forget that much more than half of Premier is now SA Breweries."

"Apart from its lucrative monopoly in the high-growth beer market, SAB is spread right across consumer spending."

"The SAB stake is effective control and as you know, there is always a premium for control. I would say control of SAB is worth R14 to R15 a share, so it hardly matters that the share price is down by 20% since the deal."

Will Liberty allow Premier to make the retentions necessary or will it insist on big dividends?

"We are more concerned with the value of our investment than the dividend flow, so would obviously not prejudice its capital structure for the sake of dividends."

In America, fund managers have been accused of taking too much money out of companies in dividends, particularly where institutions actually control investments, thus inhibiting their growth.

RDM 26/11/84 #34/186

Consumer power developing into a major weapon

LABOUR WEEK by PHILLIP VAN NIEKERK

IT was clear from the recent boycott of Simba products that the use of consumer power is developing into a major weapon for emerging unions.

Now it seems that the use of trade union power is developing into a major-weapon for consumers.

Workers at Anglo-vaal's Hartebeestfontein mine near Klerksdorp, who have recently joined the National Union of Mineworkers, have organised consumer boycotts of local taxis and trading stores.

Claiming that they are "being robbed", the workers have decided to exert their organisational muscle to deal with soaring prices.

The workers say the shops near their hostels have been overcharging and selling rotten food and that shopkeepers have been rude and insulting to workers.

So worker delegations have visited shops in the area to express their complaints and hand out lists of prices which they say the shops should be charging.

They have also launched a boycott of the local taxi association for allegedly overcharging them for trips into Klerksdorp and have approached a rival taxi association for transport.

It is not surprising that the organisation of this form of consumer action should take place in migrant worker hostels where the workforce makes up a community on its own.

In these circumstances, trade union action is almost automatically community action

and it becomes difficult to draw the line between shop-floor issues and shop-customer issues.

KPM. 1/12/84

Union to sue for unfair practice

By JEANETTE MINNIE

THE Food, Beverage Workers Union of South Africa has instituted legal proceedings against the Dairy Maid ice cream company in a dispute involving 70 cases of unfair labour practices — and the matter is likely to proceed to the Industrial Court.

Dairy Maid is a subsidiary of Imperial Cold Storage which in turn is a member of the Barlows Group. Barlows is a signatory to the Sacola Code and has a published industrial relations policy.

The union said in a statement issued in Johannesburg yesterday that the case is "expected to be one of the largest labour cases ever seen in South Africa".

In addition to the unfair labour practice charges against the company, the union's legal advisors are also bringing in charges of alleged unfair mass dismissals and subsequent selective re-employment.

The alleged unfair labour practices include unlawful deductions from wages, assaults on workers, insults by members of management and unsafe working conditions.

Resolutions calling for the boycott of Dairy Maid products are to be submitted to the union's annual conference.

Food profits not anti-social, Tiger tells govt

Own Correspondent

JOHANNESBURG — The government must stop seeing profits earned by efficient food manufacturers as anti-social, according to the newly-appointed Tiger Oats chairman Mr R A Norton.

In his annual review he indicates that a continuation of this trend could lead to a change the business priorities of the group which is South Africa's major food producer.

Mr Norton says that in a country like South Africa with its population profile, its state of development and its high

rate of inflation it would be unrealistic not to expect government involvement in key issues such as the price of bread and the survival of important areas in the agricultural sector.

"This involvement we accept as necessary but we believe that if it is to be effective in its aims in the long-term it must be even-handed and reasonable."

"Central to its approach must be the reversal of the trend towards thinking of profits earned by efficient food manufacturers as anti-social."

'Whilst politically ex-

pedient, this drift in the direction of socialism must be seen for what it is — a threat to the long-term health of our basic foods industry," Mr Norton says.

"A case in point is the situation developing in the flour milling and bakery industries where increasingly inadequate margins are available to participants, and where basic principles such as the recovery of actual cost increases are being ignored."

"The short-term goal of keeping the bread price down is laudable but this is a national imperative and any subsidization should come from the nation through the fiscus, not from the millers and bakers."

"The consequence of short-sighted strategies could well be the creation of a shortage of milling capacity."

"Certainly there is no economic sense in our group looking at a new mill under present circumstances, it seems basically wrong given our skills, resources and natural inclinations that this should be so."

"When however we find that, in addition to all the other problems of business today — inflation, high tax, high interest rates, wage and cost pressures — we cannot see reasonable prospects of a return that caters for inflation and gives a just reward for investment, we will have to move our investment emphasis progressively away from basic activities of fundamental importance to the economy in favour of non-price controlled high value-added products," Mr Norton says.

By Carolyn Dempster
Labour Reporter

NEW Forum for biscuit men

A new negotiating forum for the biscuit industry, covering biscuit workers in Natal and the Transvaal, has been set up following the collapse of the industrial council in August this year.

The council disintegrated after the Sweet Food and Allied Workers' Union (SFAWU), which is affiliated to Fosatu, was blocked from becoming a party to the council negotiations by a trade union affiliate of the Trade Union Council of South Africa (Tucsa).

In order to bargain with SFAWU, the industry's two major biscuit producers — Bakers and Fedbisco — withdrew from the council and joined with the union to form a new bargaining forum.

However, the negotiating course has not been an easy one. SFAWU together with the minority unions put forward a demand for a 32 percent across-the-board increase and a minimum weekly wage of R110.

LABOUR BRIEFS

The employers' response was an offer of a 12.5 percent rise and a refusal to accept demands on overtime pay, working hours and public holidays.

The dispute has now gone to mediation in an attempt to bridge the gap between unions and employers.

The Black Health and Allied Workers' Union of South Africa this week signed a recognition and procedural agreement with Pretoria Wholesale Druggists.

This is the third agreement the union has notched up since its inception a year ago and signifies that it is a growing force to be reckoned with on the pharmaceutical front.

A sudden rush for jobs in the platteland has prompted the organisation ROEP (Restore Our Endangered Platteland) to appeal to farm managers and platteland business concerns to contact them if they need personnel.

The increasing flow of inquiries, says ROEP, comes from as diverse a range of people as doctors, businessmen and women, teachers and other professional people.

Those interested in securing a platteland position, or finding a platteland employee, should contact Dr G H Craven at 04952 1630 or write to PO Box 29, Steytlerville 6250.

Bid to stop eviction notices

Labour Reporter

THE House of Delegates MP for Stanger, Mr Yunus Moolla, has called on the Tongaat-Hulett group to withdraw notices served on 16 families occupying company houses on a sugar estate at Doringkop, near Stanger

Mr Moolla the Solidarity spokesman on local government and housing, said he had written to the company suggesting that the families be allowed to continue living there at a nominal rental

'Most of them do not have alternative accom-

modation and will be left destitute if they are forced to vacate by the end of December in terms of the notice given to them three months ago,' he said

Some of them have been living on the estate for more than 30 years and were among the original workers at Doringkop while the local mill was under the control of its former owners, the Illovo Sugar Company

Their services were retained after the mill was taken over by the Tongaat-Hulett Group

They were retrenched in October after the shutdown of the tramway system for transporting cane

Mr Ron Phillips, the Tongaat-Hulett group's public relations spokesman, said everything possible was being done to help them find alternative accommodation

If the houses were not required immediately, the company would consider allowing the families to continue staying there at a nominal rental

They had been living in the company houses rent

free while they had been employed by the company

Mr Moolla said that using people only for their labour and removing them from a stable family environment when their services were not wanted created many social and economic problems

'I believe the whole question of security for people working on the sugar estates has to be microscopically examined I am busy investigating the situation in my constituency and in due course will be recommending a

solution to avoid a recurrence of the insecurity and threats that sugar workers face,' he added

Action threat on boycott

By STEVEN FRIEDMAN
Labour Correspondent

ICECREAM company Dairy Maid, part of the giant Barlow Rand group, seems set to take legal action to stop a union-backed boycott of its products

But the Food, Beverage Workers Union (FBWU), which is backing the boycott, said in a statement yesterday boycott efforts would continue. It charged that attempts to use the courts to curb boycotts would be a clamp on human rights.

In a significant step-up of the dispute, it said shop steward committees would be approaching managements throughout the Transvaal to ask them to cancel all Dairy Maid orders.

One major chain store had already been approached, it added.

Recently, the Rand Daily Mail reported the Council of Unions of SA — to which FBWU is affiliated — had endorsed a national consumer boycott of Dairy Maid in protest at the firing of about 90 union members at its Pretoria plant after a strike in February.

It said it would ask other union groups to back the boycott. FBWU also launched industrial court action against the company, alleging it was guilty of a wide range of "unfair labour practices".

The union alleged assaults on workers by managerial employees, the use of racially abusive language, that the company refused to negotiate "in good faith", and that many workers fired after the strike had long service with the company. The company will contest these charges.

In a statement yesterday, FBWU revealed that Dairy Maid's lawyers had written to Cusa's lawyers, asking them to confirm the Mail's report.

In the letter — a copy of which was released — Dairy Maid's lawyers said if Cusa confirmed the report, "our client shall take such action as might be appropriate in the circumstances".

FBWU said "the purpose of the letter was obviously to set up Cusa for legal proceedings, intended to prohibit the boycott".

If the company acted to stop a boycott in the courts it would "play a direct role in further diminishing one of the few human rights left in South Africa," the union said. It "wished to draw this to the attention"

of Barlow Rand chairman, Mr Mike Rosholt, chancellor of Wits University.

FBWU said the boycott had not been launched by Cusa but by the Dairy Maid Workers Committee. It said "the boycott was gathering ground fast".

The store, which had been approached to cancel Dairy Maid orders — OK Bazaars — was a "major purchaser" of the company's products, it added.

FBWU said "consultations between the committee and businessmen at various levels were taking place" in an attempt to strengthen the boycott.

TIGER OATS

Looking for a kill

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Activities: Diversified food group with interests in milling, baking, edible oils, animal feeds, distribution, pharmaceuticals and fishing. The group owns 70% of Adcock-Ingram, 68% of Oceana Fishing and 100% of Tiger Foods Control. C G Smith Foods owns 53,7% of the equity. Barlow Rand is the ultimate holding company.

Chairman: R A Norton; vice-chairman and chief executive R A Williams

Capital structure: 13,5m ords of R1, 555 000 5,5% cum prefs of R2, 9,9m 12,5% red cum prefs of 10c, 579 000 variable rate cum prefs of 10c, 282 600 8% convertible red cum prefs of R1. Market capitalisation. R675m

Share market: Price. 5 000c Yields. 3,6% on dividend; 11,4% on earnings; PE ratio, 8,8; cover, 3,2 1983-1984 high, 5 500c, low, 3 600c Trading volume last quarter, 208 000 shares

Financial: Year to September 30

	'82	†'83	'84
Debt			
Short-term (Rm)	186,1	139,2	128,9
Long-term (Rm)	113,3	49,9	48,6
Debt equity ratio	0,46	0,43	0,36
Shareholders' interest	0,52	0,51	0,51
Int & leasing cover	5,5	5,3	6,1
Debt cover	#0,40	0,71	0,71

Performance:

	'82	†'83	'84
Return on cap (%)	#11,6	16,2	14,6
Turnover (Rm)	989	1 942	2 055
Pre-int profit (Rm)	84,4	144,9	143,9
Pre-int margin (%)	7,3	7,4	7,0
Taxed profit (Rm)	39,0	78,3	75,9
Earnings (c)	388	536	568
Dividends (c)	115	140	180
Net worth (c)	2 870	3 495	4 340

* 1982 figures for seven months to end-September
 † Figures for 12 months to end-September 1983 restated for changes in the accounting base
 # Annualised

Tiger has found an ideal counter-cyclical investment this recession in the R164m cash received from holding company Barlow Rand for its Bibby stake. With trading results expected to remain flat this year because of drought and recession, the main boost to profit will come from a rich harvest of investment income. Earnings from this source could advance total earnings some 5% this year, and are expected to be the biggest contributor to 1985's profits.

Longer-term growth also looks secure, since new chairman Tony Norton forecasts a doubling in real spending on food between 1985 and the year 2000. But the food industry is competitive and high interest rates will not last forever. So, for Tiger to achieve dramatic growth, it will have to continue to expand and diversify. It is a



Tiger's Norton ... wants a significant acquisition

measure of the market's confidence in Tiger's management and prospects that the share enjoys the highest rating in the food sector.

At present, however, expansion plans are still under wraps. Nothing is hinted at. Norton writes only that "it is an objective to make at least one significant acquisition. We will continue to fund businesses that can demonstrate sustainable competitive advantage in areas of the food industry." For the present, management is content with a 13%-14% taxed return on the cash.

Meanwhile, Norton says that investment in the food industry has been hurt by higher company tax rates and the squeeze on wheat milling margins, which government has accentuated by approving cost increases that lag behind the inflation rate. As it is, Tiger's return on capital employed fell from 16,2% in 1983 to 14,6% in 1984.

Finance director Brian Steele notes that Tiger is operating at 90% of its wheat mill-

ing capacity. If bread sales were to take off, he notes, the food industry will face immediate strains in meeting stronger demand. The industry, argues Steele, needs to build a new wheat mill every year to meet projected consumption increases. At present rates of return, this investment may be problematic. Steele says a new mill costs R15m-R18m to build.

He does not believe that the continuation of the drought will affect Tiger's earnings more than it has already. The drought caused maize consumption to fall 10% in 1984, compared with only a 3% rise in bread purchases, which is an exceptionally sharp fluctuation in the stable food industry. People are eating less, Steele notes, and since margins are fixed, volume declines hurt the industry's profitability. Given the sharp downturn in maize demand, Steele does not expect demand to shrink further, even if the drought persists.

The high cost of imported maize did,

TIGER'S STRIPES

Divisional contributions to turnover and pre-tax profit

Year to Sep 30	Turnover		Pre-tax profit	
	Rm		Rm	
	1983	1984	1983	1984
Maize, wheat, oats, sorghum	600,9	627,7	31,8	31,1
Animal feeds	464,9	512,3	20,2	18,9
Edible oils	206,1	251,3	5,5	15,9
Distribution, general trading, bulk handling, shipping	467,6	425,8	22,1	10,5
Pharmaceuticals	124,5	145,7	19,9	22,8
Fishing	77,5	92,7	10,1	11,7
Investments	—	—	9,7	10,7
	1 941,5	2 055,5	119,3	121,6

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DAIRY MAID CRIES OVER SPILT MILK

A LEADING dairy products manufacturer this week demanded that the Food Beverage Workers' Union verify a Press report that its mother body had launched a consumer boycott of its products after a dispute with the union.

The manufacturer, Dairymaid, intends to take legal action against the Council of Unions of South Africa to prohibit the boycott

However, Cusa pointed out that the boycott was launched by the Dairymaid Workers' Union, not Cusa

Cusa said the boycott was launched because

By SANDILE MEMELA

of Dairymaid's unfair labour conduct.

This allegedly includes the dismissal of long-service employees, the assault and insult of workers by management employees, refusing to negotiate with the union and failure to reinstate union members

★ 'Let SA read it!'

THE publishers of a black scholar's best-selling book, which was banned last week, lodged an appeal with the Publications Control Board this week

Theory and Practice of Black Resistance to Apartheid by Dr Mokgethi Motlhabi, published in August, is a penetrating social-ethnic analysis which spotlights the ANC, PAC and the Black Consciousness Movement between 1948 and 1978 in their fight for the total liberation of South Africa

Skotaville also revealed that another of its best-sellers, Bishop Desmond Tutu's Hope and Suffering, has been published in the United Kingdom and the United States

UDF man gone



CHARLES NQA-KULA Missing

FRIENDS and relatives are worried over the mysterious disappearance of former Mwasa acting president and UDF Border publicity secretary Charles Nqakula

Mr Nqakula was due to stand trial on a charge of entering South Africa without a visa on November 28, but he failed to appear in the East London Magistrate's Court.

A warrant of arrest was authorised and his R200 bail was provisionally estreated until December 12

But he failed to appear again

Police believe Mr Nqakula may have skipped the country, but friends and relatives fear that he could be in detention

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DUAL FOR A

POLITICS

A year that turned sour

~~2011~~ PM 28/12/84

For the first seven months, 1984 looked as if it was going to be a golden year for SA. A year of peace and reform. Then suddenly it all turned ugly, and 1984 ended on a note of near desperation, with indications that 1985 would be even worse.

The year started with the euphoria of the November referendum result still in the air. Early in January came the SA troop withdrawal from Angola after Operation Askari and the acceptance by President Jose Eduardo dos Santos of a surprise 30-day truce offer made by Pretoria. Also in January, senior representatives of SA and its Marxist neighbour Mozambique met for peace talks.

February saw SA-Angolan ministerial talks in Lusaka and, on February 17, the signing of the Lusaka Agreement. This made provision for a Joint Monitoring Commission (JMC) to monitor SA's total withdrawal from southern Angola after years of occupation.

In a colourful ceremony on March 16 that surprised the world, SA PM P W Botha and Mozambique President Samora Machel shook hands cordially and signed the historic Nkomati Accord. In the same month, SA released the "father of Namibian liberation," Swapo founder member Herman Toivo ja Toivo, after 16 years on Robben Island. This was followed by the release of several other Swapo detainees and was accepted as a sign of SA's sincerity in looking for a Namibian solution.

In April, SA and Swaziland announced that they had earlier signed a pact similar to Nkomati. In May, the Administrator General of Namibia, the Multi-Party Conference of internal parties, and Swapo met in Lusaka. Peace was breaking out all over the region, P W Botha the Hawk became P W the Dove.

In June, the Dove further added to his achievements with a highly successful seven-nation tour of Europe. "Botha leads SA out of isolation," screamed the headlines.

July saw more progress on the Namibian/Angolan front with a Lusaka meeting between Foreign Minister P W Botha and Angolan Interior Minister Kito Rodrigues; and Cape Verde talks between Namibian AG Willie van Niekerk and Swapo leader Sam Nujoma.

That was the end of the good news. For seven months, Law and Order Minister Lous le Grange stayed in the background. But, in the last five months of the year, he came to the fore with detentions, bannings and bans on meetings. In August, scores of activists campaigning against the new constitution elections, mostly from the United Democratic Front (UDF), were detained.

The coloured and Indian elections for the new tricameral Parliament were disasters, with a percentage poll of around 20%. The elections themselves were marred by violence and tough police action at the polls. September was the most traumatic



P W Botha ... a year that turned sour

month of all. Violence erupted in Sharpeville and other townships in the Vaal Triangle and soon spread to the East Rand, Soweto and other areas. The unrest lasted well into November, with scores of black schools closed and many people shot dead by police.

P W Botha's inauguration as first Executive State President, and the opening of the first tricameral Parliament, was therefore overshadowed by the township unrest and countrywide detentions.

September was also the month of the worst government bungling. It started with the six UDF leaders who sought refuge in the British Consulate in Durban to escape detention orders. Foreign Minister Botha reacted with near hysteria — on TV almost every night — and ended up by abrogating an undertaking to a British court to send back four South Africans to stand trial on arms smuggling charges.

Botha further stunned SA with his daily media encounters with publicity-seeking British MP Donald Anderson. His and President Botha's total silence when Bishop Desmond Tutu was awarded the Nobel Peace Prize was also not regarded as the height of diplomacy.

Much more seriously, September and October were the months in which government sent thousands of soldiers into the townships to help police quell the unrest. This was one of the factors in the Progressive Federal Party's controversial decision to call for an end to military conscription.

SA saw the potential power of its black labour force in a successful two-day stayaway in November. It was accompanied by more township violence and, predictably, a wave of new detentions. Organised business and industry strongly criticised the detention of trade union leaders, but Le Grange's only reaction was one of indignation.

The ailing economic climate was one of the factors that nearly lost the government the important parliamentary by-election in Primrose. Political analysts believe the Conservative Party's near miss in an urban constituency shows that up to 50 other National Party seats could be in danger.

On the regional front, the Mozambique National Resistance (MNR) movement stepped up its guerrilla war, and the Nkomati Accord came under severe strain. The MNR walked out of peace talks with SA and Mozambique early in November, and the talks have not been resumed. Angolan President Dos Santos's proposals for a Cuban withdrawal coupled with Namibian independence were made public, and P W Botha made it clear the proposals could be devil future negotiations.

Nothing came of the proposed ministerial meetings with Angola or of the final withdrawal of SA troops from Angola predicted by Botha.

Then, in December, there was sudden US public interest in SA, with Bishop Tutu meeting President Ronald Reagan. Scores of public figures were arrested while picketing SA diplomatic missions, the pressure for disinvestment increased and Reagan "turned up the volume" of his criticism of SA's apartheid policies. Next year could see more stick in the carrot-and-stick approach to "constructive engagement."

CONSUMER BOYCOTTS Union faces action

The Industrial Court may soon be asked to determine whether a consumer boycott constitutes an unfair labour practice. The Dairymaid Ice-cream Corporation is considering taking legal action against the Council of Unions of SA (Cusa), and possibly the Food and Beverage Workers' Union (FBWU), as a result of a call to boycott the

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company's products

André van Rhyn, group personnel manager of the parent company, Imperial Cold Storage, says that apart from considering approaching the Industrial Court, other legal steps may also be taken. He declines to elaborate.

The boycott call was made about two weeks ago after the dismissal of 283 em-

ployees in February who struck in support of a demand for the dismissal of a supervisor who was accused of assaulting a worker in Pretoria. According to Van Rhyn, the strikers were invited to reapply for employment soon after the strike. All except 106 did and were rehired.

Van Rhyn says that the company investigated the allegation of assault and the su-

ervisor concerned was given a final written warning. He says the supervisor was later charged with assault and was acquitted.

However, in a press statement issued this week, the union has made further allegations against the company. It says

□ It allowed workers to be assaulted on 13 occasions by managerial employees,

face to face

BILLY NAIR

Committed to freedom



Billy Nair is a veteran trade unionist who was released from Robben Island in February after serving a 20-year sentence under the security laws. He was one of the six, later three, dissidents who spent 90 days in the British consulate.

FM. What did the sit-in achieve?

Nair: It focused attention, both here and internationally, on detention without trial in SA. Even the most conservative news media supported our stand. In Britain, for example, newspapers on the Right came out in sympathy with us and castigated their government for wanting to eject us. By the authorities' own admission, never before was such publicity given to the iniquity of these detentions. What also accrued to us are the sit-in demonstrations at SA missions around America. Other governments condemned the detentions but took no action.

What about Britain's role in the affair?

Our intention was to get the UK government to translate into action an EEC resolution (on human rights) taken two days before our sit-in began. We decided to call their bluff. However, far from taking a stand against the SA government, Great Britain actually insisted on our immediate departure from its consulate. This was of course mitigated by saying we would not be forced out, but tolerated on humanitarian grounds. But the British also refused to act as intermediaries on our behalf. Later, they took high-handed action in depriving us of little "privileges" like sending out letters. All this proved that the British government really only pays lip-service to the idea of human rights.

Some quarters have tried to create the impression that we were trying to solicit the help of imperialists to come and rescue us. This smacks of amateurism and political naivety, not appreciating the whole saga as an attempt by us to use one of the few avenues of protest

at our disposal. The sit-in was something new. The important thing is that we achieved our primary intention to focus attention on detention without trial. We did not for a moment think that Britain would come and rescue us. That can only come through our own efforts.

You have said the charges now facing your colleagues in the sit-in and others who were detained amount to "political kite-flying?"

I am convinced that the State has no case to prove against them — especially in relation to treason. No doubt the Internal Security Act is so wide that they could fall foul of its provisions. The State is trying to get its own back for the sit-in, the rejection of the tricameral constitution at the August elections, and the Vaal Triangle upheavals. They're out to prove that something sinister is afoot in SA, when nothing of the sort is true.

Why were you, unlike your sit-in colleagues, not charged when it ended?

From the State's indictments it would appear that the charges against them go back over a period of four years. I was on the Island until February 27.

You spent 20 years there, but you were back in the thick of things soon afterwards. What drives you?

As long as there is oppression and exploitation of man by man there can be no peace for anyone. So I had to play my part. I regard myself as only a cog in a big wheel — the national liberation movement. Those 20 years were not going to deter me. The State should not get the idea that imprisonment and torture would deter me. The new constitution, for example, is entrenching apartheid and increasing polarisation between black and white.

If there was peace I would be making a contribution to a better society for all, but the destruction of apartheid and its iniquities is a primary motivation, even if it means death.

Do you welcome the recent release of certain detainees?

The release of some of the detainees is purely tentative, they have been re-

leased only to be tried for subversion and other allegations. It therefore means release into a mighty big prison. In a way, there's no difference between being inside prison or outside as long as detention without trial obtains.

The fact is that over 100 people are still in detention in terms of Section 29 of the Internal Security Act. The few releases are only token gestures. All should not only be released but the Act should be scrapped, and the principle of *habeus corpus* and the rule of law re-introduced. As long as this is not so, the releases are nothing to shout about.

How do you see conflict being resolved in SA?

I am convinced more than ever that it is not institutionalised violence — as demonstrated by the elaborate defence machinery, billions being spent militarily in Namibia, on bantustans, on policing apartheid — that is the answer. Nor is it through dismemberment of SA into bantustans and tricameral divisions. The solution lies in a unified body politic — because we're one economic entity.

The Nationalist government must no longer prescribe solutions because theirs have always been to perpetuate separation along racial and ethnic lines. The need, therefore, is for black and white to come together to resolve SA's problems. To begin with, there has to be a *rapprochement* between the State and the liberation forces — even Afrikaans media have started calling for dialogue between Pretoria and the ANC. Those in prison and in exile should be brought into the consultations. Treason trials and so on must be immediately halted and dialogue entered into with the very people so charged.

In this context, there is always the fear that one-man-one-vote will submerge the whites. But I envisage a SA where a Beyers Naudé would stand for election in, say, Soweto, or Archie Gumede in Hillbrow, Mandela in Chatsworth, Goldberg in Kwamashu, and so forth. That is, there should be leaders elected on merit alone and not representing any particular groups.

WCB (186)

28/12/86
FM

It permitted managerial employees to refer to black workers as "kaffirs" and "bobbejane", and

It refuses to confirm that it will negotiate in good faith with the union

Van Rhyn says the company was surprised to hear the first two additional allegations as they were made in October and November, several months after incidents were alleged to have occurred. In addition, the union failed to supply full details. Nevertheless, he says, "the allegations were investigated by the company and found to be groundless."

He adds that the company has obviously negotiated in good faith. It has been present at several meetings of the Industrial Council for the dairy industry where the dispute has been discussed.

In response to the company's threat of legal action, the union says the boycott was not called by Cusa but by the Dairymaid Workers' Committee. The committee will continue with its efforts to promote the boycott, it says.

The union's statement claims that legal proceedings against the boycott will help to diminish "one of the few human rights left in SA."

Following the effective boycott of Simba earlier this year it appears that consumer boycotts are again finding favour among unions as a strategy for winning disputes. The Dairymaid dispute may help whether companies will be able to look to the courts for protection against boycotts.

COLOURED HOUSING Cape sales flop

The planned sale of 10 500 houses to tenants in coloured communities around Cape Town has flopped. Only a handful have been sold and interest is flagging in the face of the economic crunch, a weak sales drive and opposition from civic organisations.

Figures from the Divisional Council of the Cape (Divco), which is handling the project in terms of the Department of Community Development's housing sales campaign, show that only 55 houses were sold in June this year, 20 in August and 25 in September — despite a fairly high level of initial interest. The inability of many tenants to raise the required R300 deposit is regarded as the major factor, and Divco is now seeking permission from the National Housing Fund to allow prospective buyers to spread deposit payments over two years.

The campaign was announced at the beginning of the year when some 10 500 of the 24 500 houses built by Divco were identified as suitable for sale, and tenants were invited to buy them. Plans for a public relations campaign never came about (although tenders were called), apparently because of political differences between councillors. An advertising campaign was run on the



did you hear

down on their electricity bills could take a leaf out of novelist Aldous Huxley's book? Although he was not blind Huxley had failing sight so he learnt Braille to rest his eyes. One of the compensations, Huxley said, was the pleasure of reading in bed in the dark with book and hands snugly under the bedclothes.

?

That at least one Ford Motor Company director believes his company should leave SA? Clifton R Wharton, black chancellor of New York State University, told the *Japan Times* recently that all US corporations should quit SA as fast as possible.

?

That accuracy might be desirable in the business world but in literature it can be taken too far? After reading Lord Tennyson's famous line "Every moment dies a man, every moment one is born" accuracy-obsessed Charles Babbage wrote to the poet saying "It must be manifest that if this were true, the population of the world would be at a standstill." Babbage's version was "Every moment dies a man, every moment 1/16 is born."

That anyone looking for a way to cut

That newspaper editors are fallible after all? Before firing one of his reporters the editor of the *San Francisco Examiner* told the man "I'm sorry, but you just don't know how to use the English language. This isn't a kindergarten for amateur writers." The reporter was Rudyard Kipling.

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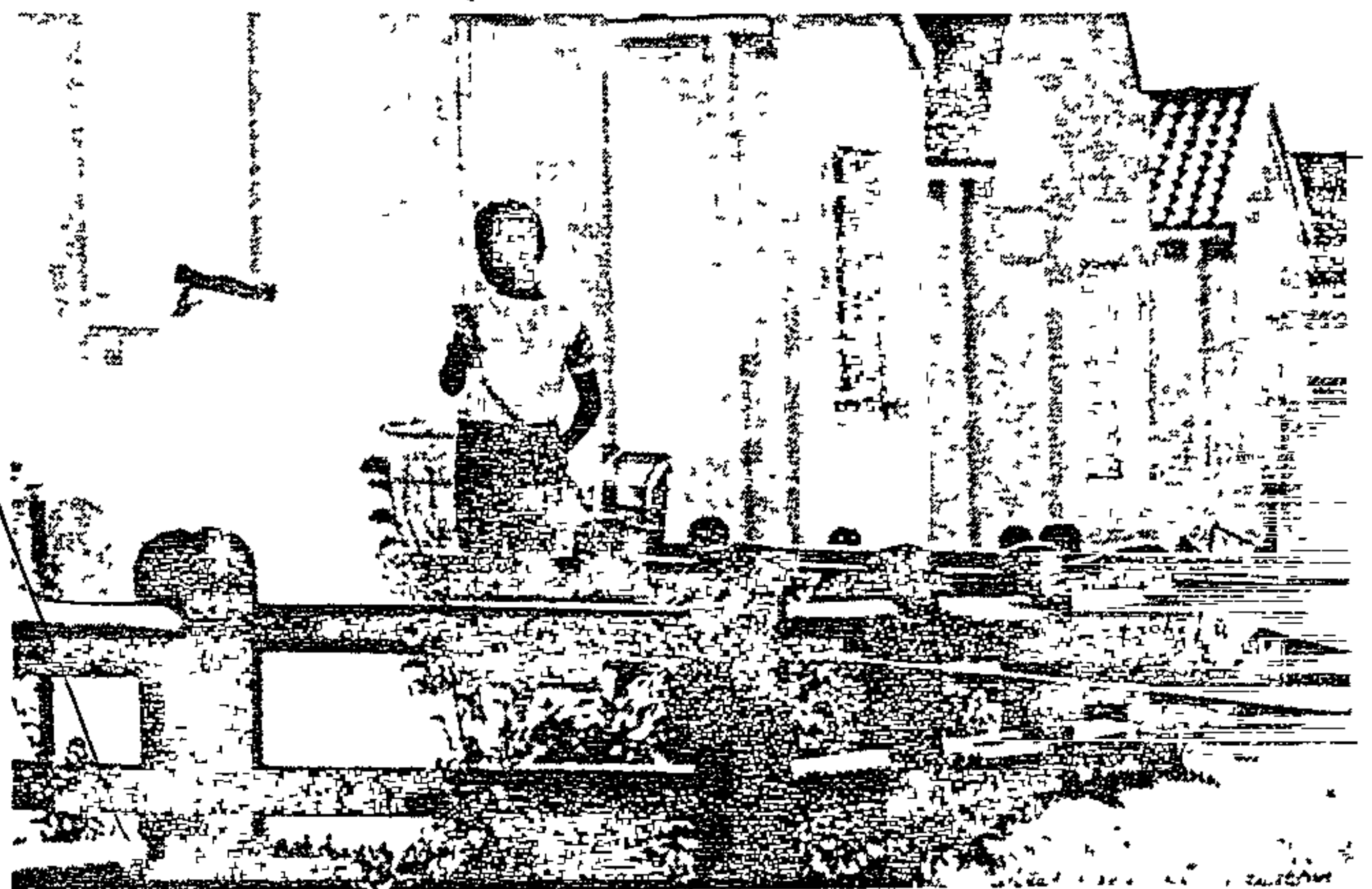
That lower taxes do not always bring joy? An accounting firm tax partner was faced by a belligerent black staff member after the unitary tax system was launched earlier this year. The staffer said his tax payment on the new system was lower than before. Puzzled, the partner remarked that this should bring a smile, not a frown. This earned the retort "But this means I have been paying too much tax for ten years! I want the government to give it all back!"

local radio station.

Prospective buyers earning more than R450/month are told to seek private finance through banks and building societies, while Community Development loans are available to buyers earning less. Interest rates are subsidised by the National Housing Fund — 11,25% for buyers earning more than R650/month and 9% for those

earning R450-R650/month. Areas in which houses are available include Atlantis, Elsie's River, Grassy Park and Ocean View.

The campaign is opposed by community organisations who say that while they do not object to the principle of home ownership, they regard the plan as a ploy by the authorities to shirk their responsibility to provide housing.



Coloured housing ... too few buyers

MANUFACTURING. — FOOD

1985

~~Wheat~~ ~~subsidy~~ (186)
9/1/85 D. P. P. P. P. P.
**Budget may see cut
in brown bread subsidy**

PRETORIA — The first stage in the phasing out of the big subsidy on brown and wholewheat bread may be announced in the budget, according to sources here

In October last year the Deputy Minister of Agriculture, Mr Gert Kotze, told a National Chamber of Bakers conference that the subsidy would ultimately have to be scrapped

He said this was not possible then because of current economic conditions, including high unemployment

Since October economic conditions have worsened, and the economy is expected to continue to slide, at least during the first half of the year

Economists warned that, with the current volatile conditions in black townships, the Government would be ill-advised to reduce the subsidy, and raise the price of brown bread

They point to the angry reaction and disturbances which have followed rent and bus increases — and say a similar reaction could be expected if the price of bread was raised

A sensitive situation could become explosive, it was stated, if the bread subsidy was significantly cut — followed soon after by the expected hike in the maize price at the latest from May 1

According to the wheat board the consumption of bread, mostly brown bread, increased by 8,3 per cent last year

A major reason for the increase was the unpopularity of the yellow-white maize meal mix necessitated by last season's maize crop failure

Because of the higher brown bread consumption, the subsidy, amounting to 16 cents a loaf, for the current financial year is expected to reach about R280 million-about R23 million a month

Economists pointed out that in spite of the government's worsening financial plight and acute shortage of state funds, it was certain the subsidy would not be removed totally — but a start on phasing it out was "more than possible" — DDC

R004 12/1/85 (152) (186)

500 workers strike over pay

Mall Correspondent

DURBAN — About 500 hourly-paid workers at two Rainbow Chicken plants at Hammersdale, near Durban, went on strike yesterday in support of their demand for an increase in wages

A spokesman for the workers said the entire black workforce at the P1 and P2 plants downed tools during the 5am shift, and were followed by workers from the later shifts, after rejecting a wage increase of between 16c and 19c an hour

He said they had asked management for an across-the-board increase of R1 an hour for men and women employees, increasing the wage rates to R2,28 an hour for men and R2,04 an hour for women

"The management refused to meet our demands and advised all strikers to leave

the company premises and return to work on Monday. We were told that those who failed to report for duty on Monday would be regarded as having dismissed themselves," he said

Workers interviewed outside the factory gates yesterday said their average wage was R58 a week, which they regarded as "too low". A woman worker described the 16c an hour increase granted by the company as "a big joke"

"What can we buy with 16c. It's not enough to buy half a loaf of bread," said the woman, who declined to give her name

Rainbow Chicken management were not available for comment yesterday. A telex to the company also met with no response

Seweter 14/1/85 (186) (139)

Unions plan boycotts

By JOSHUA RABOROKO

TWO trade unions have intensified their campaigns for a boycott of products in an attempt to have their sacked members reinstated by the companies.

The Cusa-affiliate Food Beverage Workers Union (FBWU) has launched a campaign against Dairy Maid products in Pretoria while the South African Black Municipal and Allied Workers Union have called for a boycott of all liquor outlets owned by the Oranje-Vaal Development Board.

The FBWU accuses Dairy Maid of several grievances, including the sacking of its members at the plant and maintain that these practises constituted "an unfair labour practice".

Numerous attempts to break the impasse ended in deadlock when management could not meet the workers demands, and the union started the boycott in an attempt to pressurise management to change its decision.

The union has also alleged that its members were often referred to as "bobbajane" and "kafirs" by white personnel and "we are quite concerned about these allegations," a spokesman said.

Mr Andrie van Ryn, group personnel manager of Imperial Gold Storage, of which Dairy Maid is a subsidiary, said that he was surprised by the allegations which were raised by the union some 10 months ago. He was dismayed by the boycott.

Sabmwu's boycott against all liquor outlets owned by the OVDB

follows the sacking of workers at Big S sorghum beer depot and Big Malt company — both are subsidised by the board.

The union said that management had refused to negotiate "in good faith" with them and "we had no alternative but to call for the boycott which is gaining momentum in the area."

Sabmawu's Phillip Dlamini said

However, Big Malt's manager Mr J Scholtz has reiterated that the company did not belong to the OVDB and that the boycott was unfair or the board.

The management was willing to discuss the matter with the union at the earliest convenience in an attempt to resolve

the matter. He contended that the workers refused to work and were dismissed. They also refused to collect their money when requested to do so.

Meanwhile the Black Allied Mining and Construction Workers Union has reiterated that its campaign to ban all asbestos mines in South Africa was still on. Several meetings

Monday 15/1/85 #2 (1)

Chicken factory workers go back after ultimatum

Labour Reporter

THE 500 hourly paid employees at two Rainbow Chicken plants at Hammarsdale who went on strike on Friday requesting an increase in wages, returned to work yesterday following an ultimatum by the management

A spokesman for the workers said they decided to return on condition that management meet representatives of the workers to discuss grievances

Almost the entire black workforce at the P1 and P2 plants in Hammarsdale downed tools on Friday after rejecting a wage increase of between 16 c and 19 c an hour

He said they had asked management for an across-the-board increase

of R1 an hour for both men and women employees, increasing the wage rates to R2,28 an hour for men and R2,04 an hour for women

'The management refused to meet our demands and advised all strikers to leave the company premises and return to work on Monday. We were told that those who failed to report for duty on Monday would be regarded as having dismissed themselves,' he said

Workers interviewed outside the factory gates on Friday said their average wage was R58 a week which they regarded as 'too low'. A woman worker described the 16 c-an-hour increase granted by the company as 'a big joke'

'It's not enough to buy half a loaf of bread,' she said

Rainbow Chicken management were not available for comment yesterday

Browns at the top of Tiger's shopping list

By David Carte



Fraser's Donald Campbell in Kempton Park branch of new-look credit clothing chain Smart Centre
Picture: Horace Potter

UNDER Barlows' management, Tiger Oats has moved decisively to bring its investments to better account.

- It has pulled R9-million in cash out of its fishing companies
- It sold its 30% stake in Metro Cash to Kirsch Industries for about R16 a share, realising R25.8-million
- It sold its holding in J Bibby & Co to Barlows for R163.9-million.

Each of these transactions enhanced liquidity and improved returns for shareholders Tiger, with about R200-million in cash, is one of the cash richest companies on the Johannesburg Stock Exchange

Any day

A question mark now falls over Tiger's major remaining investments:

- Frasers, wholesalers and retailers to Black South Africa
- WG Brown Investments, which owns the hot-performing R650-million a year Spar franchise

This company comprises 440 Spar retail outlets nationwide — 400 of them independent "club members" and 40 belonging to Browns — plus WG Brown, which is the exclusive wholesaler to Spar shops. It sells through rather than to Spar shops.

Tiger Oats has built up its stake in WG Brown to more than 40% since the last balance sheet when it was 33%

The idea is to increase its investment here, not to disinvest, as in Metro and Bibby. Sources close to the courting companies tell me control could pass any day.

Listing

If Tiger gets control of WG Brown, the chances are good that it will list it separately on the Johannesburg Stock Exchange

Managing director Philip Heber Percy would like to see Browns listed.

First, Browns would command a premium rating. Second, there would be marketing and financial advantages. Third, running a listed company stimulates management and enables participation in the company's success through a share incentive scheme. Fourth, Spar grocers could get a stake in the top company. Fifth, stake holders would be able to cash in when they want to.

shop and will automatically outperform a paid manager. If, as seems likely, WG Browns is accorded a dividend yield of less than 4%, Tiger's own rating can only benefit.

The asset is in Tiger's balance sheet at cost of only a couple of million. Assuming, conservatively, that Browns achieves a margin of 3% on sales and pays a full tax rate, taxed profit would be R7.2-million. If the PE is only 10, against Pick 'n Pay's 16 and Score's 24, the company would be worth R72-million and Tiger's stake, after control changes, at least R39-million.

If these numbers are conservative and Score-like hysteria takes root, Tiger's gain could be several times this.

There are two possibilities for Tiger's holding in Frasers either it will disinvest as it did with Metro, or it will go for control.

It is unlikely to sell out while Frasers is as under-rated on the market as it is now. In addition, while Premier and OK are linked through SA Breweries, it would probably be reluctant to part company with such a valuable outlet for its products.

If Tiger is to go for control, it will take years not months. It now has only 10% of Frasers, the pyramid that controls Frasers. This is the biggest single stake outside the McDonald family.

Chris McDonald, grandson of Lord Fraser, apparently holds the key to control. Tiger's holding has grown over the years so it would probably not mind more.

Mr Norton says that even though they both have wholesale and retail outlets, Frasers and Browns are too different to be put together.

There is also a conflict between the two companies in that Browns aims to help the small trader in the battle against big chains, such as Frasers. Frasers and Spar frequently compete on the same street.

This week's petrol price shock will shake the entire industrial market and flung Frasers and thus Frasers.

cord with Barlows' philosophy Barlows says it wants all its good down-line companies on the stock market. Both Tony Norton, chairman of Tiger, and Mr Heber Percy sounded favourable when asked for comment this week.

Why should Browns command a premium rating?



How interest costs, drought and excessive stocks hit Frasers

can will not be immune. Still, if the retreat in these two goes more than a few cents, there could soon be a good case for accumulation.

Both have halved in price since the beginning of 1982 when Frasers was on 450c compared to 200c now, and Frasco on 220c compared to the current 90c — not surprising because the dividend has fallen since the 24.5c of 1981 to 14c in the past two years.

The graph tells the story of Frasers' recent demise, with interest costs (bottom line) eating into pre-interest profits as interest rates soared to unheard-of levels and excessive stocks pushed up debt. Pre-interest profit has been in a healthy upturn for most years, but drought and

stock mark-downs took a punishing toll in 1983 and 1984. Mr Campbell says slow-moving stocks have been moved out with ruthless discounting. Recent rains were worth hundreds of thousands of rands to Frasers.

Properties have been sold to a property company 50% held with institutions and debt has been reduced to 29% of equity. This will reduce interest costs, but rents will obviously rise. Frasers' earnings were up 12% at the half-year and the goal is maintained earnings for the year.

Higher interest rates would no doubt prevent this. But once interest rates start to decline, upside in Frasers and Frasco will be marked, especially if Tiger seizes an early opportunity.

Retreat

Why should Browns command a premium rating?

Mr Heber Percy reckons the three-year track record would be better even than Pick 'n Pay's One has only to look at the example of Score, with a yield of 1.6% and PE of 24.4, to see how highly the market rates successful stores Spar shops have increased their share of the grocery, confectionery and toiletries market from 7% to 10.7% in three years — a 53% improvement in market share.

Their turnover last year was R650-million. It would have risen by another R100-million this year, but Noels, the Natal grocery chain, has pulled out to go solo, so last year's figures still obtain.

Tax rate

Turnover at Browns, the exclusive wholesaler, has rocketed from R28-million to R480-million in 25 years. Mr Heber Percy maintains that each of more than 400 Spar retailers is extra hungry because he owns his

RPM 6/2/85 186

Premier hits at 'fat cat' image

Financial Reporter
THE major milling companies are not "fat cats" who put up barriers to entry at every turn, says Mr P G Wrighton, deputy chairman of the Premier Group.

He was speaking at the Frankel, Kruger Investment conference in Johannesburg yesterday. Mr Wrighton said observers of the food industry, including the Government, believed the industry required more competition and more participants in every area of the business. "It is true there are

only six wheat millers in the country and that there has not been a new entrant for decades "But it is nonsense to infer that the failure of new entrants demonstrates collusive action by the existing millers to keep the cake for themselves.

"Barriers to entry there certainly are — but the barriers have been created by Government itself." The Government's insistence on controlling the price of flour and bread, a subject of great political sensitivity, had led it to regulate the margins earned by millers and bakers

There was nothing fundamentally wrong with controlling the end-price of a commodity such as bread in a society like South Africa's. However, the policy makers had erred in the unrealistic manner in which they had chosen to exercise their control

While the industry was normally compensated for its cost increases, this had not been the case this year. An arbitrary departure had been made for political expediency and no increase had been granted. The food industry needed to be free of the restraints and unrealistic controls that were placed

on profit margins. Without this freedom, the ability to re-invest for an expanding population would be seriously hampered.

"Regrettably, the Government faces an angry and dispirited farming community on the one hand, while, on the other, the consumer has a tendency to riot in the streets. The six poor millers in between are soft targets to be squeezed." It was unfair for the Government or the public to lay the blame or burden of guilt for rising prices on the food industry.

from serious structural imbalances in the economy and not from market dominance or any other "bogy" that might be offered to divert attention from mismanagement of the economy. Market equilibrium did not exist in the agricultural sector. There were too many outside factors, such as guaranteed producer prices, producer levies and control board regulations, militating against it.

"No one would deny that the farming community needs protection of a kind in order to remain on the land and reinvest in productive assets.

"But the distortion of a true demand function is ultimately not conducive to an efficient agricultural sector. More will have to be done in future years to improve efficiencies and permit greater interplay between market forces." He said the food industry faced unfair competition from the agricultural co-operatives and that the co-operatives had departed from their original charters

"It is well-nigh impossible to understand how organisations, whose collectivist character is designed to assist the farming community and improve its efficiencies, can justify the myriad other undertakings in which they are involved.

"At a time of mounting farming debt and mammoth agricultural revenue shortfalls, it is indefensible that the co-operative movement is permitted to invest in commercial agriculture and food production with funds at subsidised rates of interest, and in ventures, many of which are not successful when judged by the strict financial criteria that prevail in the outside world."

If the co-operative movement was going to become involved in such businesses, it should be on the same terms as its competitors.

"It is iniquitous that there should be one set of rules for the co-op and another for the food manufacturers who have to compete without the advantages of soft loans and liens on farming assets.

"With this in mind, I welcome the recent announcement that agricultural control boards and co-operatives, together with financial institutions, will for the first time be subject to regulation by the Competition Board in terms of new legislation that is before Parliament," Mr Wrighton added

Mercury 12/2/86 (186) (186)

Striking bakery workers reject offer

Mercury Reporter

THE more than 600 striking workers at Bakers Biscuits at Westmead, near Pinetown, have rejected an offer of a 12 percent wage increase.

The workers — demanding wage increases of 30 percent on the bottom grades and 15 percent on the higher grades or R25 a month across-the-board — went on strike last Friday.

According to the Sweet and Allied Workers' Union, the workers had decided to take strike action following a deadlock in a three-month-old

wage dispute.

A spokesman for the union said wage proposals were first submitted to the biscuit employers in June 1984, but no finality had been reached.

A worker said yesterday they would remain on

strike until the company met their demands.

A spokesman for Bakers said more than 600 were still striking.

He said a meeting between the union and Bakers Ltd was being held to resolve the problem.

Transvaal workers join Natal strike

Labour Reporter

WORKERS at the Bakers Biscuit factory in Isando in the Transvaal have joined the strike by the company's Pinetown employees, bringing to nearly 1 000 workers who have downed tools in support of demands for a minimum wage of R110

Miss Renee Roux, branch organiser of the Sweet, Food and Allied Workers' Union (SFAWU), said yesterday union members at both factories rejected the company offer of a 12,5 percent wage increase, saying they could not live on wages below R100, particularly in the face of new price increases including rent and transport

'While the company has made it clear that the workers have a right to strike, they are not prepared to improve their offer of a R92 minimum wage. Last week the majority of workers voted in favour of legal strike action in support of their demands,' she added

Confirmation

Mr L Heilbron, managing director of Bakers Biscuits in Durban, confirmed that the strike had spread to the Transvaal

He said members of the union went on strike at the biscuit factory at Westmead last Friday demanding a R25 across-the-board wage increase

He said the company and the union had been negotiating in an informal forum comprising the employers' organisation for the biscuit industry and three trade unions — the SFAWU, National Union of Operative Biscuit Makers and Packers and the Food and Beverage Workers' Union

'The company's offer in real terms amounts to an 18,2 percent increase year on year. Five percent was granted in May last year and the current proposal is for 12,5 percent with effect from November last year'

Mr Heilbron said two of the union parties accepted the 12,5 percent offer but SFAWU rejected it and applied for a conciliation board which had been appointed

RDM 13/12/85 (186)

WORKERS at the plant of Baker's Biscuits in Isando, near Jan Smuts Airport, have joined the legal strike

over wages which began at the company's Westmead plant in Durban on Friday, bringing to 1 000 the number of Baker's employees on strike.

The workers are demanding a minimum wage of R110 a week, or a R25 a week, across the board increase

Sugar firm retrenches

181 mill
employees

Finance Reporter

C G SMITH has announced that 181 of its employees will be made redundant at its Pongola mill at the end of February. This represents 21 percent of the mill's total workforce.

According to Mr Barrie Horlock, personnel director of C G Smith Sugar, the lay-offs are the result of growers transporting their own cane.

'The change in transport arrangements has led to the closure of our narrow gauge rail system as the growers wish to transport their own cane by road,' he said.

'We are making every effort to get a road transport company, which has negotiated to transport much of the grower's cane, to re-employ as many of those made redundant as possible.'

Sweeten 15/2/85 (186) (187)

Food industry unions call for solidarity

By JOSHUA RABOROKO

THE Fosatu-affiliate Sweet and Allied Workers Union (SFAWU) has called on all unions in the food industry to unite and form a strong opposition to managements.

The union has invited the unaffiliated Food and Canning Workers Union and the Cusa-affiliated Food Beverage Workers Union to a meeting to discuss the possibility of a merger, according to SFAWU's president Mr Chris Dlamini.

Mr Dlamini, who is also president of the Federation of South African Trade Unions, told **The SOWETAN** that such unity was important in view of the current unity talks taking place among newly-established unions aimed at forming a big federation

FCWU's general sec-

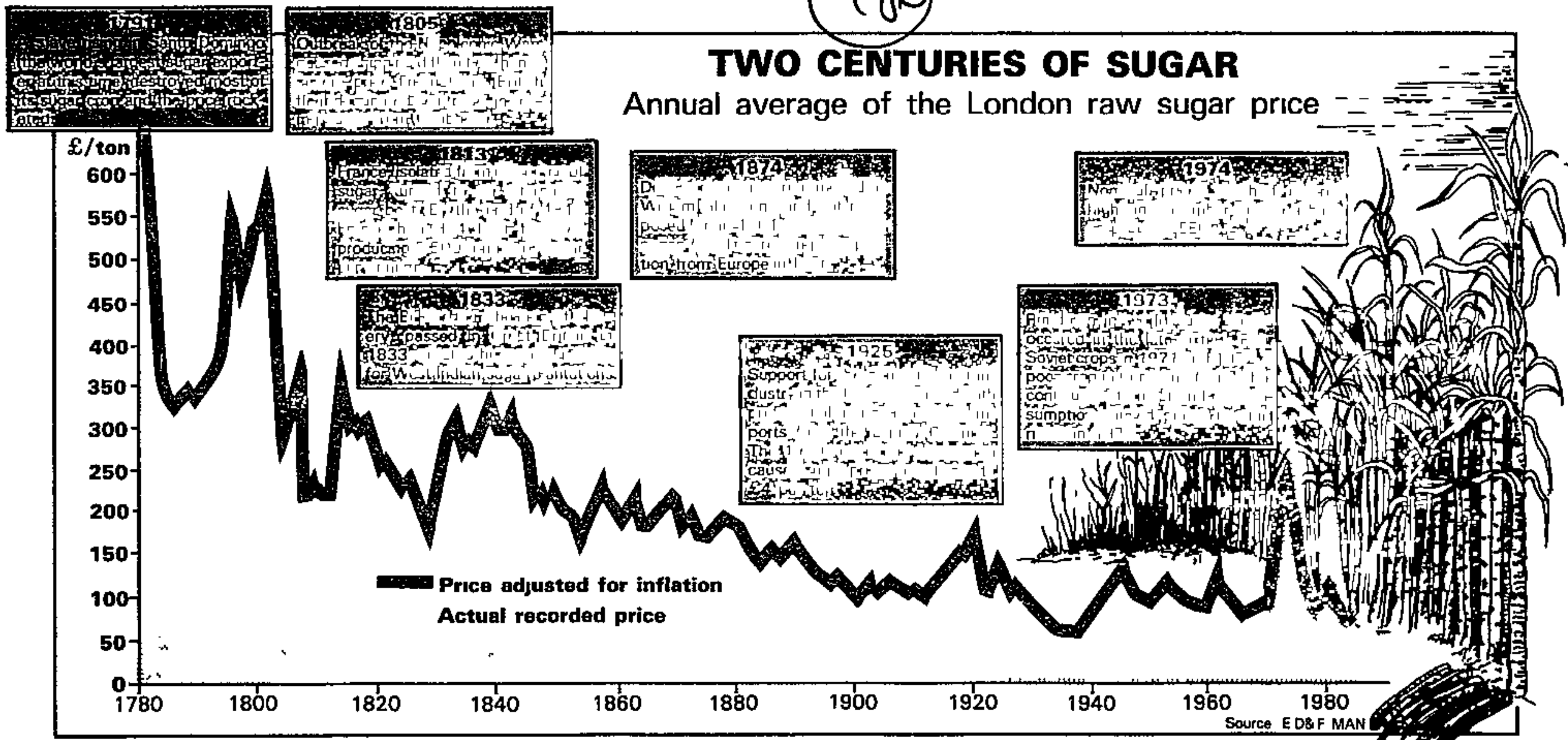
retary Mr J P Theron said they supported the principle involved in the unity talks and would welcome any moves aimed at uniting trade unions in the food industry

FBWU's general secretary Mr Leonard "Skakes" Sikhakhane was not available for comment. However, they have participated in unity talks in the past

Mr Dlamini said his union had proposed that such a meeting be held as soon as possible because "we need a united front" to fight some of the "arrogant managements" who refuse to negotiate in good faith.

Meanwhile the national Union of Mineworkers under the leadership of Mr Cyril Ramaphosa, is to meet with major black mine union later this year to complete talks on the possibility of forming a giant federation.

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vious deficits is debt enough, especially with the interest burden approaching something like R50m a year

Sasa general manager Peter Sale believes there is no other option. He says the industry is not in a position to borrow more. There is an increasing feeling that growers and millers should bear the financial responsibility for their own decisions and face up to the realities of the market.

Even so, Sale does not expect widespread insolvencies among growers. There are no easy short-term solutions. The overhang of world sugar stocks is estimated at 37 Mt, about 40% of annual consumption, and producer countries continue to flood the market. Consumption, meanwhile, is declining, especially in the developed world.

More use is being made of alternative sweeteners too. Coca-Cola recently gave permission for its bottlers, worldwide, to use 100% high fructose corn syrup (HFCS) as the sweetener in its soft drinks. Though its use is common in bottling plants in the US, the fear is that the trend may accelerate in more traditional markets like Canada and Japan, not to mention SA itself, with dire consequences for the industry.

The sugar industry was hoping that a new International Sugar Agreement would help establish better equilibrium between supply and demand in international sugar markets. But after a year of fruitless meetings, major producers and signatories to the International Sugar Agreement departed from London in December having failed to strike a new accord. With no regulatory quota or stockholding restrictions in place, the world market has developed into something of a free-for-all with each exporter looking to his own interests. The result, quite predictably, has been a further softening of the international sugar price.

In the face of such difficulties officials at Sasa are "looking to a gradual but consistent increase in the domestic sugar price to enable production costs to be met and a re-

turn made on locally marketed sugar." It is only fitting, they argue, that an industry which is committed to supplying SA with sugar in the long term should be kept afloat.

Customarily, at this time of the year, officials of Sasa meet with Industries Minister Dawie de Vilhiers for the annual review of the sugar price. Sources involved in the talks say they will once again be looking for an increase at least in line with the inflation rate. But whether it will be granted or not remains doubtful, especially as it is only five months since the last hike.

Sugar users rightly resent paying to keep the industry going. A 355% rise in the local sugar price in the past 10 years to R574/t, they point out, is no joke, especially with world prices at less than half that.

Consumers are in open rebellion. Coca-Cola is importing its first consignment of HFCS for use on a "trial" basis. If other bottlers follow, it could have far-reaching consequences. Bottlers are by far the biggest industrial users, consuming 110 000 t at a cost of R63m annually. Says Henne Viljoen, president of the SA Soft Drink Manufacturers' Federation: "The stage has now been reached when we are looking at alternative sweeteners directly."

Viljoen says that it has long been suspected that the sugar industry uses the proceeds from local market sales to buffer export losses — a charge vehemently denied by Sasa. However, he adds: "When the industry needs a domestic price of R574/t to cover its costs of production, one seriously begins to question the whole issue."

According to Viljoen, the SA soft drink high season is exactly opposite to that of the US. So landing the required volume of HFCS should not present a problem. The price could present a problem, though, especially at current rates of exchange. Latest quoted prices of HFCS in the US indicate that the landed price in SA could be somewhere in the region of R800/t.

Limited quantities of HFCS were previously available in SA from African Products (AP). But many suspect the decision by the Tongaat group three years ago to acquire AP from Amic was a strategic move designed to prevent the commodity from becoming a threat to its sugar interests.

Sale says Sasa is aware of the bottlers' plans to import HFCS and says it will address the issue when it arises.

Meanwhile, how will sugar survive? The answer, many believe, could lie in ethanol production.

"That would be the logical step," Sale maintains. "It would definitely help the economics of the industry." Certainly the latest round of fuel price increases has given a tremendous boost to the economics of ethanol production. Sugar economists now believe that ethanol production is indeed viable. And Sale says it would take the industry "no time at all" to instal back-end distilleries to distil ethanol from by-product molasses.

If the solution is really that simple, why hasn't a start already been made?

According to the sugar industry, it seems oil companies don't like the idea. The last time sugar producers approached them they insisted on compensation for any reduced refinery throughput that would result from the introduction of ethanol in fuel blends. Sasol, too, does not have much stomach for the plan. SA, it is pointed out, is committed to the methanol route in synfuel production and technology has developed accordingly.

Motor manufacturers are not tooled up for power units using alcohol blends. At the same time, the abolition earlier this year of the 3.6c/l rebate on fuel duties (designed to encourage local synfuel investment) makes it unlikely that the authorities are interested in any kind of fuel production that does not use the methanol route.

So the outlook for sugar is bleak.

Rise in bread price likely

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skw

15/3/85

Pretoria Bureau

Next week's Budget is likely to bring another shock for consumers — an increase in the price of bread.

The general manager of the Wheat Board, Mr Dennis van Aarde, said there was a strong possibility that a higher bread price would be announced.

Millers and bakers have been pressing for higher margins for the past five months.

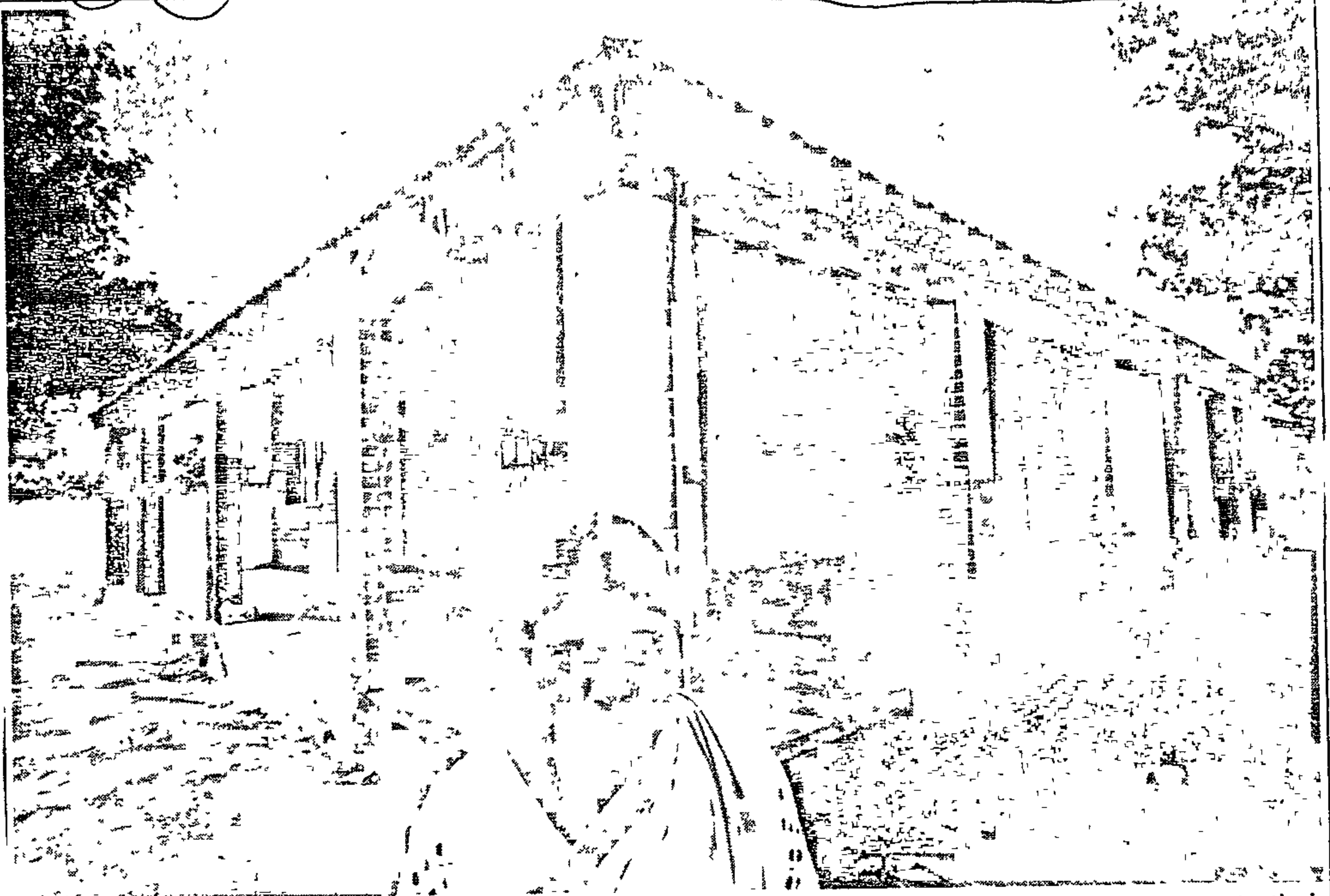
They could be granted a substantial

retrospective increase because of the recent fuel price rise, said Mr van Aarde.

The Government was paying an annual subsidy of R280 million on the price of brown bread and was unlikely to raise it further, said Mr van Aarde.

Bread prices will increase again in October when the Government grants wheat producers their annual increase.

Brown bread presently costs 40c and is being subsidised by 14c a loaf. The price of white bread, which is unsubsidised, is 60c.



A widow and mother of six Mrs D Govender, one of the affected families under notice to vacate their company housing. In the background is one of the many houses which are standing empty.

Sugar company pensioners given notice to vacate homes

Labour Reporter

ABOUT 40 pensioners of the Tongaat-Hulett group living in company houses at Mt Edgecombe have been served with notices to vacate their homes, which some have occupied for more than 20 years

Families interviewed by the Mercury yesterday said they were shocked by the notice and many said they had no alternative accommodation

'This has been our home for almost 30 years

We never expected that one day we'd be moved out,' said an elderly, widowed mother of six, Mrs D Govender

Many people said they could not understand why they were being asked to vacate when there were rows and rows of company-owned cottages standing vacant. The houses have remained empty for so long that most of the windows have been broken and are now covered by overgrown grass, they said

A deputation from the Natal Indian Congress and the Phoenix Working Committee accompanied some of the affected people to a meeting at the group's sugar mill in Mt Edgecombe yesterday morning

Mr A Sharm, a spokesman for the Phoenix Working Committee, said yesterday that they urged the Tongaat-Hulett group to withdraw the notices

He said the affected people were families of pensioners who had

served the sugar industry for between 40 and 55 years and had earned low wages

'They did not think that they would have to find their own accommodation in their old age and as a result made no attempt to secure alternative accommodation,' he said

Mr Ron Phillips, a spokesman for the Tongaat-Hulett group, said yesterday that the families had been asked to vacate because they had retired from active

service and the houses were required for employees of the company

'It is company policy that employees vacate their company housing when going on pension. This applies to all employees, whether the managing director or a labourer

'We have offered to relocate all the families in company housing in the Ottawa area,' he said, adding that the families occupied the houses rent free

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27/3/35
Bread price is expected to rise

An increase in the price of bread is likely to be announced by the Government within the next few weeks.

The Minister of Agricultural Economics and Water Affairs, Mr Greyling Wentzel, yesterday warned that consumer subsidies on bread could not be maintained at present levels.

He told the Western Cape Agricultural Union in Elsenburg that the Government was committed to phasing out subsidies where possible.

"This year the Government has provided a bread subsidy of R200 million but at present prices this money will be used up before the new wheat season in October." — Pretoria Bureau.

Taking a caning

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Tongaat-Hulett was for years a blue-eyed boy of the JSE. A five-year bull trend saw the share price leap from 240c in 1979 to peak in early 1984 at 1 300c — before collapsing over 55% to a 1985 low of 535c. The share now stands at 600c.

This downfall reflects three main factors:

- Recession has hit all of Tongaat's operations;

- Because of heavy capital expenditure, group debt has soared, and

- The outlook for the sugar industry, in which the bulk of capital spending has been concentrated, is bleak.

These factors look unlikely to change in 1985, and the indications are that the group — sometimes called Natal's Anglo because it is 44%-owned by Anglo American and Amic — won't enjoy an early return to favoured-son status.

Initially, it appeared that diversification had provided Tongaat with counter-cyclical sources of earnings. When sugar, the group's traditional activity, entered the doldrums in 1983, building materials absorbed the slack. If Tongaat had published divisional profits after interest charges, the sugar division would probably have shown a loss in 1984. But the move into building materials, and the buyout of minorities in Toncoro at end-1983, looked well timed last year when dividends from Toncoro more than doubled from R14,3m in 1983 to R30,5m in 1984, offsetting the disastrous sugar performance.

But events this year suggest that diversification has actually magnified Tongaat's problems. Recession has now gripped the construction industry, and Toncoro has seen brick sales plummet by 35% on a year ago. Corobrik, Toncoro's brick-building arm, has had to close nine factories, cut back production at another 32 (out of 51), and retrench more than 1 500 employees.

The purchase in 1983 of African Products,

The canefields are green — but the world sugar market is in the doldrums. With recession and mounting group debt, Tongaat-Hulett finds current conditions a matter of one thing after another.

the starch and sweeteners division, gave a handsome boost to group profit in the year to end-March 1984, and the 13% average sales margin was the highest of any of Tongaat's operating divisions. But recession will slash African Products' profit and margins in 1985. Adverse trading conditions in the food and textile divisions compound Tongaat-Hulett's problems, and suggest overall profit growth will remain largely static over the next two years.

However, chairman Chris Saunders argues that diversification has been the mainstay of the group. "We enjoyed a period of tremendous growth," he says, "which worked fantastically well. The problems of Tongaat-Hulett today are those of all SA industry, and if we had stayed just in sugar, our results would have been really dreadful. If we were just in building, our results would look dreadful in the next few years."

Still, management's philosophy of diversifying into food, clothing and shelter-related activities has not wholly insulated Tongaat's earnings against an economic downturn. Tongaat's closest competitor, Barlow Rand-owned CG Smith Foods, has also seen earnings drop, though by a much lesser degree. CGS Foods diversified only in food, and benefited vastly when the crippling drought, which devastated northern Natal two years ago, left its South Coast plantations relatively unscathed. CGS Foods was thus able to boost its sugar profits and briefly grab the leading share of SA's sugar market.

But CGS Foods has been more adept than Tongaat in controlling capital spending and protecting itself against soaring interest charges, which at present are hammering Tongaat. And the acquisition of Tiger was a masterstroke which has greatly boosted CGS Foods. Chairman Tony Norton expects his group's dividend to be cut in the year to end-December, but the downturn is likely to be less severe than at Tongaat.

A visit to Tongaat's head office, a magnificent 80-year-old colonial mansion set atop a hill and surrounded by acres of rolling canefields, hardly suggests the group is in a sticky mess. "This year's cane is the best I've seen in the 20 years I've been in the industry," declares finance director Ted Garner. Yet, this fine crop merely underlines the problem of the global sugar glut, which has slashed prices and added to Tongaat's woes.

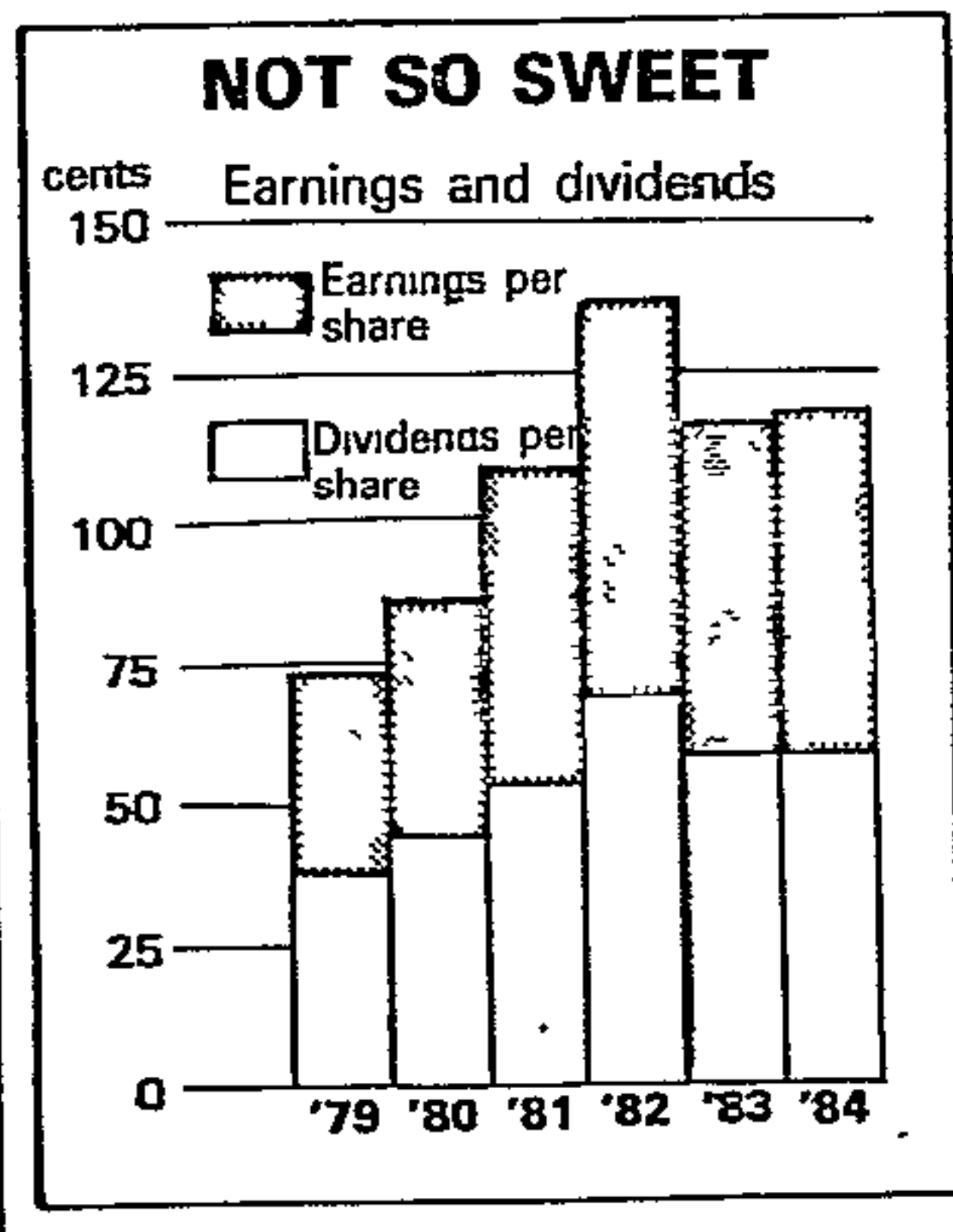
For Saunders — an Oxford graduate in agricultural economics and a doyen of the

Natal establishment with a reputation for enlightened political thought in the best tradition of *noblesse oblige* — Tongaat-Hulett's present setbacks have come as a knock. Says Saunders of Tongaat's difficulties "Just when we thought we had absorbed all the blows, another comes along. It's enough to make a hard man cry."

Normal sugar crops in 1984 and 1985 have restored Tongaat to its pre-eminent market position, but the bad timing of two major capital projects has landed the group with record debt at a time of record interest rates. The two biggest capital projects are the R175m Felixton sugar mill and the R30m Rietvlei brickworks. Felixton came on stream in January last year as the sugar industry's fortunes plummeted. Rietvlei was commissioned in October 1984, just as the construction industry was going into steep decline.

Total debt soared from R47,9m at end-March 1982 to R502m at the end-September interim. This figure, however, includes the high seasonal costs of financing sugar stocks before sale, and debt by the end-March year-end will fall to between R400m and R450m. But Tongaat has been hit for six by its interest bill. At the interim, interest rose nearly 180% to R44,2m compared with 12 months earlier, and the total interest bill in the year as a whole could well top R90m. Comments one analyst "The big question over Tongaat now is the debt. It's the gearing that's strangling them."

Management's problems in cutting debt



Chairman Saunders ... sugar is strategic

(86)

are made more difficult in that R214m, or some 69% of its R310m of long-term debt, is linked to the prime rate, and is not repayable in the next five years. This is partly a legacy from the old Hulett group, but the result is that Tongaat is most exposed to interest rate rises, and any rates fall will exert a very favourable impact on the income statement.

Saunders says that methods of redeeming debt are under consideration, but he will not spell out details. One idea mooted — that R123m of long-term debt owing on Felixton should be converted to preference capital — looks unlikely to win approval. Garner notes that the pre-tax cost of pitching an attractive pref issue would be some 32% (16% after tax), which would be hard to justify. Saunders also rules out an early rights issue. "You make a rights issue when you seek active growth," he comments, "and where are we going to find growth in the SA economy at the present time?"

Asset sales to defray debt, such as the Umhlanga Rocks property company, Natal Estates, are also improbable. Saunders emphasises that the group is concentrating on cutting costs and working capital, but a significant reduction of debt in the short term looks questionable.

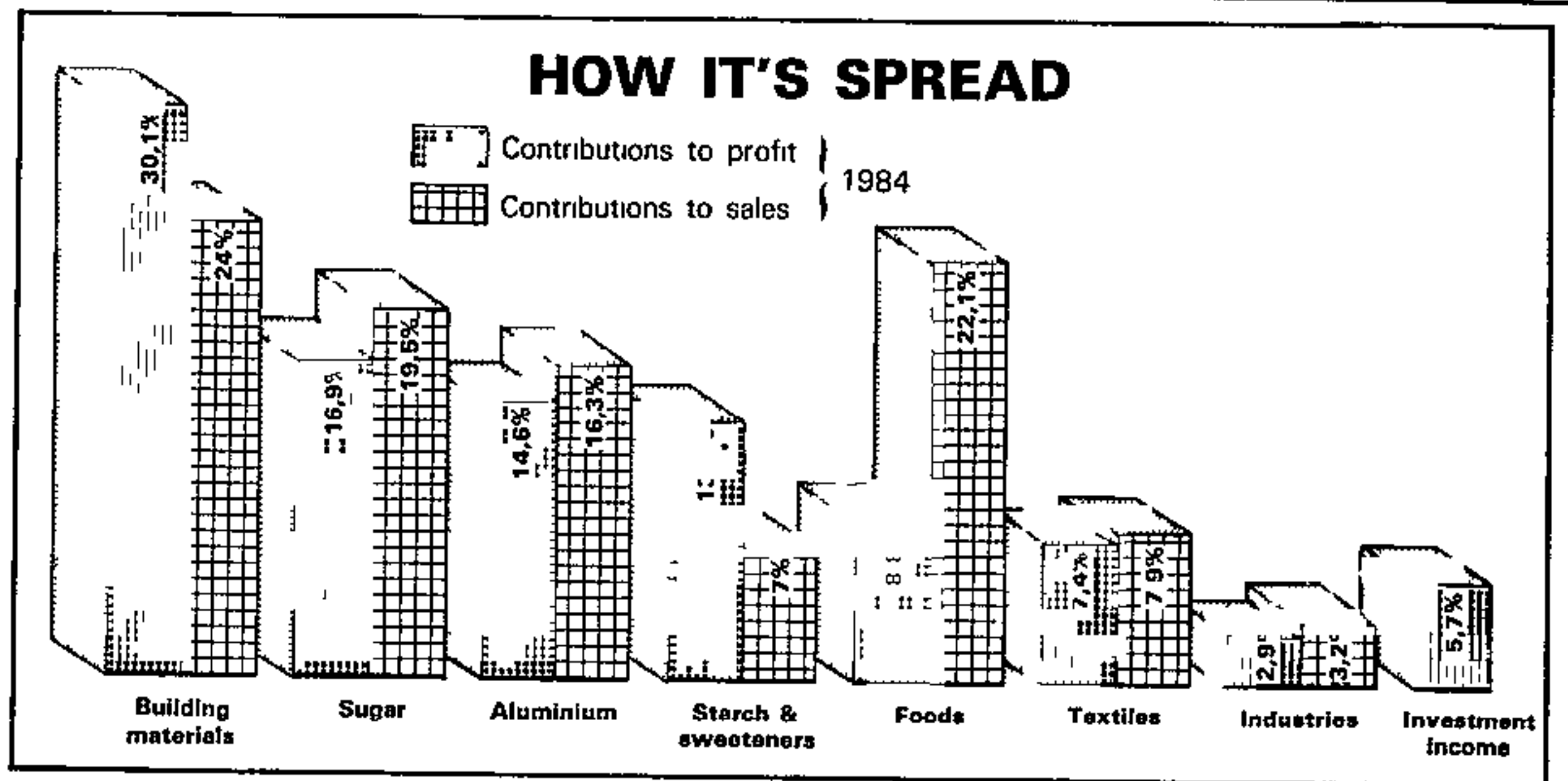
Allied to debt is the need to boost returns on assets. As one analyst puts it "Tongaat needs to earn substantially higher profits from sugar in order to justify the capital spent in this division. Without much higher profits, the uncomfortably high income statement gearing will take a long time to unwind."

Saunders himself has provided the answer to how better sugar profits must be earned, when he wrote in last year's annual report that "the critical factor in the recovery process of the sugar industry is the export price." But it is precisely the negative outlook for export prices which has eroded confidence in SA's sugar industry. This year it is expected not to meet its government-fixed rates of return on its exports by some R200m, since the gain of the rand's decline has been offset by last year's fall in world sugar prices.

Saunders argues that the sugar industry is strategically important, and the consumer must pay to keep it viable. "I can understand the consumer's grouse," he says, "but at the same time we've got a sugar industry, which provides foreign exchange and employment, in considerable trouble. There's a lot of criticism from the gold-mining town of Johannesburg, but it's time to wear the employment and foreign exchange hats."

He adds that the domestic price of sugar is still lower than in most sugar-producing nations. Manufacturers, he claims, do not, on average, pay higher prices in SA for sugar than they would in the markets to which SA exports.

This season, the sugar industry will introduce a multiple-pool system aimed at removing marginal sugar areas from production. Garner says it's too early to evaluate its likely effect. But Tongaat will clearly have to



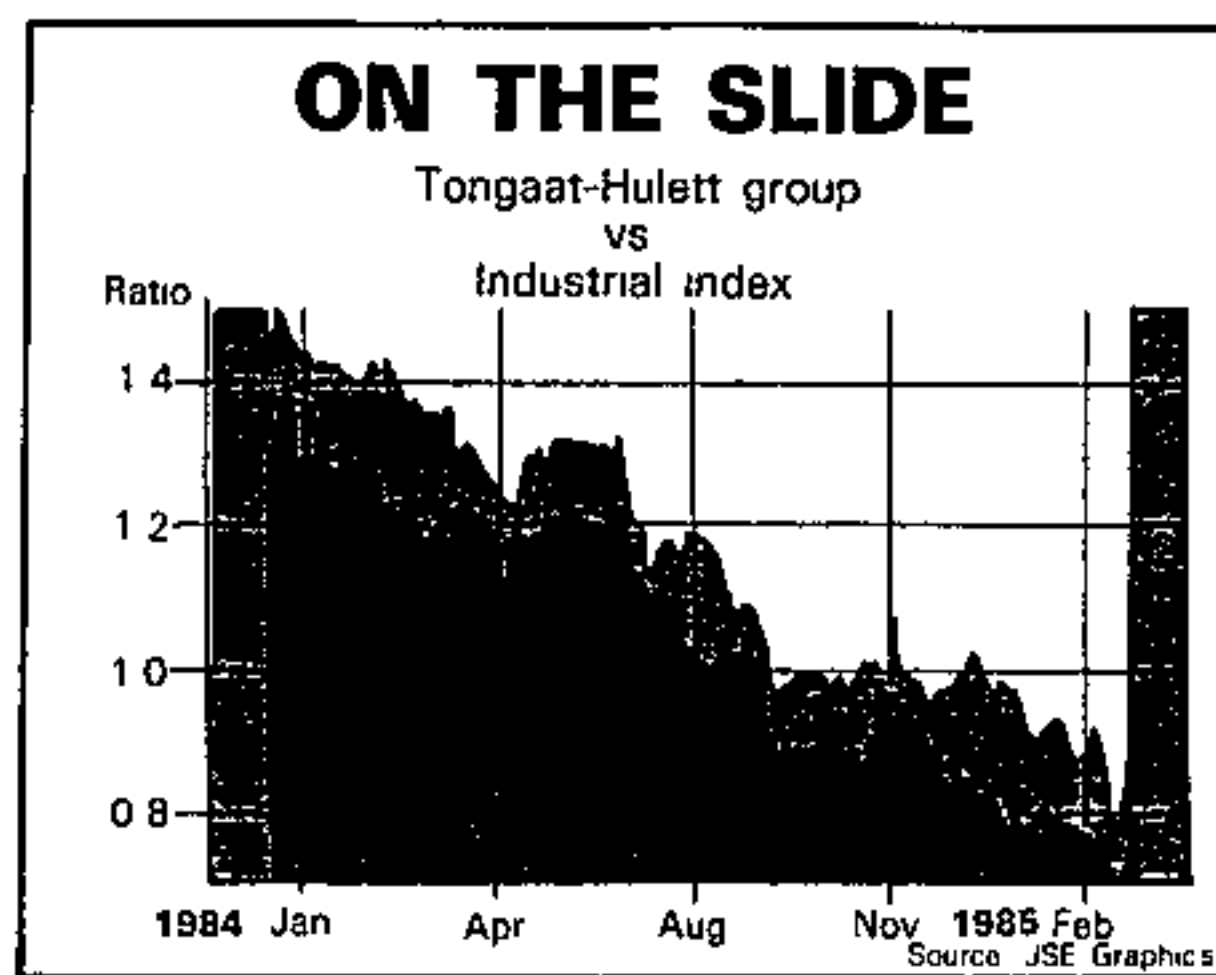
maintain high-tonnage throughputs to justify heavy sugar-milling investment.

Rising domestic sugar prices, however, carry the danger that product substitution could accelerate Tongaat's acquisition of African Products represents a major diversification into starch sweeteners, and Afrprod makes some 140 products at three factories. Saunders believes that sweeteners represent a growth industry, but the potential will be constrained by fierce competition, which has slashed the industry's margins in the present recession. Another difficulty is that soft-drink manufacturers, one of the main users of sweetened products, prefer to own their supply sources.

High SA maize prices compared with the raw material costs of the US sweetener manufacturers will also hinder sweetener products' growth, Saunders argues. He believes that sweeteners won't contribute a much greater proportion of Tongaat's group earnings in future.

Tongaat, of course, has more assets invested in sugar — and this gives it a vested interest against sweeteners. But social considerations may also play a part. Saunders asks, for example, how far a labour-intensive, high-volume industry like sugar should lose market share to the capital-intensive sweeteners industry. It is not impossible that protection for sugar (possibly to keep sweetener imports out) could slow future growth in the sweeteners industry.

The rest of Tongaat's group operations look set to report pedestrian short-term profit growth. Building materials will not pick up until the construction industry emerges from recession, which is unlikely until at least 1986.



The foods division reported R334m sales in 1984, second only to building materials, but its 2.7% sales margins are the group's lowest. It is suffering from falling demand for animal feeds and increased competition in the maize industry — problems common to the whole industry. Unilever has driven Tongaat out of the top end of the margarine market, where margins are highest. On the whole, food hardly offers Tongaat bright short-term earnings prospects.

Aluminium's earnings are stable, but difficult trading conditions will sharply reduce profit growth this year in the textiles division. The industries division is picking up, since record sugar crops in the last two years have revived demand for Tongaat's transport services. Industry last year contributed only 3.2% of group sales and 2.9% of pre-interest, after-tax profit, and does not impact significantly on results.

Earnings a share this year are forecast at 80c, a 30% fall on 1984's 118.5c. Saunders will not be drawn on results in advance of the May preliminary, but given the downturn in most operations, the slide could be greater. On the traditionally twice-covered dividend, earnings a share of 80c would cut the total payout to 40c (58c). At 60c, this yields a prospective 6.7% (against the sugar current average yield of 6.4%).

The industrial holding sector average dividend yield is 6.8%, but Saunders has no plans to switch the share to this sector, despite the cross-spread of Tongaat's operations. "Once a dog has a bad name," he comments, "it does not help to put another collar round its neck."

Profits are unlikely to pick up sharply in advance of a general economic recovery. Therefore, any improvement in earnings in the year to end-March 1986 should come from falling interest rates. However, the group remains broadly-based, with less than 30% of profit before interest earned by sugar.

There are solid assets, including a near monopoly of SA facebrick production, and the share trades at a 36% discount to its 942c net worth at end-March 1984. When economic recovery comes, Tongaat must be well placed to boost profit, but the share does not at present appear ripe for appreciation in the short term.

Christopher Marchand

Strike-hit

18/4/85 AM

mill ends

agreement

Labour Reporter

UNION Flour Mills, hit by two strikes at its Durban plant in two weeks, yesterday cancelled a recognition agreement with the Baking and Allied Workers' Union, an affiliate of the South African Allied Workers' Union

Mr N J Crankshaw, branch manager of the company, said yesterday the company decided to cancel the agreement after a 'long history of conflict'

'Workers participated in illegal strikes last week and again this week. Management have repeatedly and consistently endeavoured to build a healthy relationship with the union but without success

'The union was informed of management's decision this week after the company had made clear its concern to shop stewards and union officials last week,' he said

About 400-workers downed tools last week, returned to work on Friday but again went on strike on Tuesday this week. The reasons for the strike are still not clear

Union officials could not be contacted for comment yesterday

Firm breaks deal with Saawu

UNION Flour Mills, a Durban subsidiary of the Premier Group has cancelled its agreement with the South African Allied Workers Union, an agreement which has been in existence since October, 1983.

Approached for comment yesterday a spokesman for the Premier Group said that after a long history of conflict the management of the Union Flour Mills took a decision to cancel the agreement with the Baking and Allied Workers Union, an affiliate of Saawu

Own Correspondent

"Workers participated in illegal strikes last week for one and a half days and again this week for a day and a half. Management have repeatedly and consistently endeavoured to build a healthy relationship with the union without success," the spokesman said

"The union was informed of management's decision to cancel the agreement this week after the company had made its concern clear to shop stewards and officials last week."

The trouble at the mill began when workers with grievances against a manager, marched him from the plant. Management regarded the incident as a serious infringement of agreed procedures for the redress of grievances and

invoked the agreed disciplinary procedure regarding eight workers

The union declined to participate in the disciplinary hearing and also declined to invoke the agreed upon procedure to redress grievances against the manager concerned.

Eight workers were dismissed and about 400 of the 500-strong workforce at the mill went on strike.

Management agreed to look into the workers grievances but not before the strike was ended

This week, further problems arose and a second strike took the plant out for another day and a half. Management then decided to revoke the agreement

Workers are now back at work. Union Flour Mills has indicated that it will talk to any representatives of the workers

Efforts to contact union spokesman in Johannesburg and Durban were unsuccessful

150 EL abattoir workers lose jobs after strike

~~177~~
186
~~177~~

D. Asfatch
27/4/85

EAST LONDON — A total of 150 slaughtermen and unskilled workers at the abattoir here were sacked yesterday following a strike over pay increases.

The South African Abattoir Corporation's development manager who deals with labour relations at the country's abattoirs, Mr R Fourie, confirmed the sackings from his Pretoria office

He appealed to consumers not to panic buy as everything was under control at the abattoir

Mr Fourie, who flies here for talks this morning with the officials of the Meat Board, livestock agents and meat

traders, warned. "Anyone who panic buys will burn his fingers"

He said the strike had been expected and contingency plans had been laid on to keep the situation normal at the abattoir, which was officially opened last week following the R8 million renovations

"We have a stockpile of meat and are hiring unskilled labour locally. Any other skilled staff required would be brought in from one of our 10 major abattoirs around the country," he said

Mr Fourie said the workers had broken their service contracts and the abattoir had

been forced to terminate their services

Workers are unhappy about their pay increases, which are reviewed every six months

"We explained to them the problems with the harsh economic situation throughout the country and the fact that we were not slaughtering the normal quotas. They were working from 6am to 11am

"We explained to them the effects of the drought and the fact that we did not want to retrench workers or put them on short time.

"But despite all this, they were not happy and broke their service contracts," he said

Mr Fourie said none of the fired workers would be rehired because they did not want to be accused of selective re-employment.

"We've already started hiring locally," he said

The manager of the abattoir, Mr Graham Gibbon, refused to divulge what increases the workers had rejected and it could not be established yesterday whether they belonged to any trade union

The chairman of the East London Meat Traders' Association, Mr Dennis Meyer, said it was too early to say whether butchers would be affected. He referred inquiries to the abattoir —
DDR

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Abattoir hires 110 new staff

D. Desfont *26/4/85*

EAST LONDON — A total of 110 new staff had been hired and everything was back to normal at the abattoir here, the South African Abattoir Corporation's development manager, Mr Andre Fourie, said yesterday

Mr Fourie flew here from Pretoria yesterday for talks with the Meat Board, livestock agents and meat traders following a strike in which slaughtermen and unskilled labourers were fired on Wednesday. "We slaughtered 1000 sheep, 140 cattle and 58

pigs today so everything is back to normal I want to reiterate that people should not panic to buy as they will burn their fingers," Mr Fourie said

He said there was sufficient meat and any further staff required would be hired later

The strike occurred when workers objected to their pay increases, which are reviewed every six months

Mr Fourie said they had broken their service contracts and their service had had to be terminated — DDR

Tiger Oats investment earnings soar by R9-million

INVESTMENT income of Tiger Oats soared to R11-million from R2-million in the half-year to March, reflecting the short-term investment of the R164-million received from the sale of its stake in J Bibby and Sons of Britain

The interest more than offset the drop in the group's share of associated companies' profits, which fell to R3,6-million from R7,1-million

Earnings rose 24 percent to R43-million (R34,8-million) and the interim payout is up 25c to 90c

Group turnover improved by 36 percent to R1 394-million

TRADING PROSPECTS

A satisfactory return will continue to be achieved in the group's short-term investments, say the directors

But trading prospects are not expected to improve and operating profits for the second half could be about the same level.

Earnings for the full year are unlikely to rise as much as the first half's 24 percent

Final dividend of Associated Furniture Companies is being halved to 12,5c from last year's 26,3c, making a total payout of 40c (59,3c)

Net profit dipped by 32 percent in the year to March to R18,5-million from R27-million and next year's earnings could be even lower, the directors warn

"Highly competitive trading conditions adversely affected margins and sales mix"

"The furniture and building industries are historically the most severely affected in any major economic downturn. Containing the decline in earnings to 32 percent for the full year is, therefore, considered to be a noteworthy performance"

Turnover was 10 percent higher at R295-million but operating profit dropped to R24,6-million (R28,3-million)

Contraction in demand for furniture and related products is expected to continue through most of this year

Earnings for the six months to September were expected to be well down, with an improvement coming in the second half

Tom Hood

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BRADLOW	510	13	137
DURS	150	4	8
ELRINE	100	4	8
MONTAYS	180	12	9
COMAN	240	10	7
PICCAN	150	11	4
PRESCAT	900	11	4
SAMSTEL	170	10	5
TEDEX	335	9	2
WORLD	110	10	5
IND - MOTOR	500	5	5
ASSENG	420	3	2
AUROCHS	320	4	2
AUTOLEC	420	3	2
CAPAUT	560	7	4
CURRIES	175	13	0
DANPERK I	120	9	8
DANPERK CP	960	3	4
DUNLOP	1450	3	4
GEN TIRE A	1450	3	4
GEN TIRE B	1450	3	4
MCCARTHY	1200	2	5
METARR	110	1	1
NFS MTR	110	1	1
PORT	450	1	1
SAFCON	450	1	1
SAKERS	60	1	1
SCHUS	4750	1	1
TOVOTA	425	1	1
WELFITO	1260	1	1
WESCOB	340	1	1
WM HUNT	340	1	1
IND - PAPER & PACKAGING	825	3	0
COP	550	5	1
CANTOR	210	4	9
COATES	3050	1	1
CONSO	575	1	1
HADDONS	160	1	1
HORTONS	170	1	1
HORTON 6%PP	175	1	1
KOHLER	760	1	1
KOHLER ACP	800	1	1
KOHLER RCP	750	1	1
MET BOX	480	1	1
METALD	1200	1	1
METAPAK	1370	1	1
PRS SUP	985	5	1
SAPPI	660	1	1
SAPPI PP	87	1	1
SAPPI RP	87	1	1
IND - PHARM & MEDICAL	5650	3	3
ADOCK	300	4	8
ALEX LP	570	4	4
AMMED	570	5	5
GEN OPT	900	5	5
UN COID	250	1	1
IND - PRINTING & PUBLISH	220	6	4
AFR PERS	3900	5	0
ARGUS	3200	2	7
CAKTON	70	2	1
MATH ASH	12000	2	1
SAAN	70	2	1
IND - STEEL & ALLED	390	4	4
HVELD	108	6	9
UN STEEL	675	9	2
VERRE	120	5	0
IND - STORES	120	5	0
BOYMAN	535	2	5
CLICKS	265	2	4
CLIKOIN	270	5	9
CNAGALO	8800	4	5
EGGANS	18000	4	5
FOSCHIN	18000	4	5
FRASERS	100	1	0
FRASERS OPT	320	1	0
FRASERS 13% CO	160	1	0
FRASCON	160	1	0
GARCON	470	1	0
GARLUCK	530	1	0
GARLANZ	80	1	0
GRESHAM	250	1	0
HERWTH	260	1	0
JOHN ORR HLD	170	1	0
KIMET	340	2	6
KINSH 7% CO	280	1	0
KINSH	180	1	0
KINSH 7% CO	305	1	0
KINSH CF	750	1	0
KINSH PER	1900	1	0
LEFC	1900	1	0
METRO	1325	2	5
O K	420	1	0
PERGRO	1085	1	0
PERKOR	1640	1	0
PIKWIK	3150	1	0
PIKWIK	490	1	0
SCORE	200	1	0
SPITZ	90	1	0
STERNS	940	1	0
WALTHOLD	540	1	0
WALTONS	1500	1	0
WOOLTRUS	1500	1	0
WOOLTRUS	1500	1	0
IND - SUGAR	1200	1	0
CRICKES	700	1	0
LONGSUN	680	1	0
TONGAL	600	1	0
IND - TOBACCO & MATCH	600	1	0
L MATCH	2850	1	0
REMB BEH	3600	1	0
REMB BEH	2175	1	0
TEKOR	2275	1	0
TB	400	1	0
UTCO	390	1	0
IND - TRANSPORTATION	725	1	0
MOBLE	111	1	0
PUTC	110	1	0

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Tiger Oats raises earnings and div

Cape Times 2/5/85 (180)

JOHANNESBURG.—Tiger Oats showed a substantial increase in attributable profits in the six months to March—thanks chiefly to the sale of its investment in J Bibby & Sons Plc, which injected R164m in cash into the group.

Attributable earnings were up 24 percent to R43,1m, compared with R34,8m in the same period of last year.

Earnings per share were 318c (257c).

The group has declared an interim dividend of 90c a share, against 65c in the comparable period.

The directors explain in the interim report that this is in accordance with the policy of reducing the disparity between the interim and final dividends.

Group turnover showed a substantial increase of 36 percent to R1 394,5m, while group operating profit was up 11 percent to R75,8m (R68,3m).

The proceeds from the Bibby sale have been de-

posited in short-term investments and consequently investment income, in the period under review, increased to R11m, compared with R2,1m in the previous half-year.

Due to the sale of its interests in Bibby, the group's share of associated companies profits declined from R7,1m in the previous period to R3,6m, but this was more than offset by the income from the funds realized, the directors say.

Discussing prospects for the remainder of the financial year they say a satisfactory return will continue to be achieved in the group's short-term investments.

“Trading prospects, however, are not expect-

ed to improve in the immediate future and operating profits for the second half of the financial year are likely to be in line with those achieved in the first six months.

“Bringing into account all these factors, the rate of increase in earnings for the full year is unlikely to be at the same level as that achieved in the period under review.”

— Sapa

Dollar cl upper ra

LONDON — The dollar ended a quiet European session in the upper end of yesterday's trading

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(186) (145) (15)
Saawu says abattoir
workers joined union
D. Ndevu 4/5/85

Dispatch Reporter

EAST LONDON — Trade unionism in the abattoir here started in 1983 when workers organised themselves under the banner of the South African Allied Workers Union (Saawu), Mr Sicelo Ndevu, the Saawu branch organiser said yesterday

He said workers at the abattoir had formed a committee and contacted Saawu which introduced the union to the management of abattoir

Meetings were held between the abattoir management and Saawu aimed at familiarising the management with the policy of

Saawu and to formalise the relationship with the management

Mr Ndevu rejected the claim by the abattoir management that it had not been established whether abattoir workers belonged to any trade union

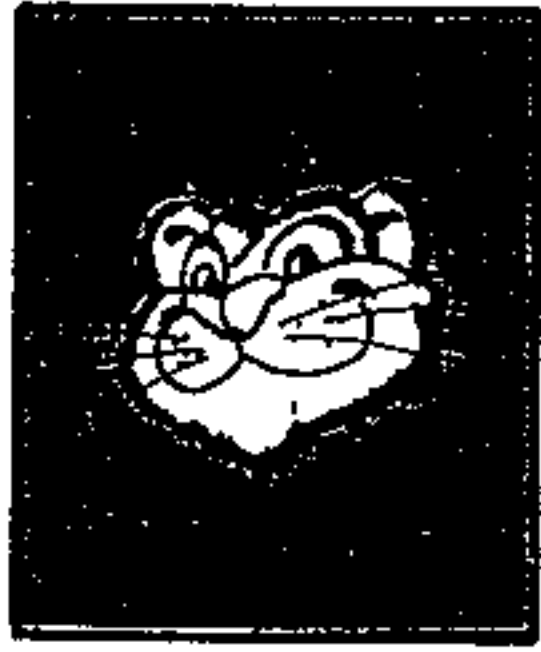
Several attempts to obtain SA Abattoir Corporation comment were unsuccessful. A telex message sent to the company was not answered

Recently, the abattoir management fired about 150 slaughtermen who had gone on strike over pay demands

The management had said the workers did not belong to a trade union

Riding the whirlwind

186 *[Handwritten signatures]*



In the midst of the corporate forest, with all its lengthening shadows, Tiger continues to burn bright. There's symmetry to this performance, though one has to turn to an even older liter-

ary source than William Blake for the appropriate rubric — man cannot live by bread alone.

That lesson may apply to some large food companies in SA. Given controlled markets and narrowing margins, basic foodstuffs simply aren't a profitable enough base for growth. But that's been no deterrent to Tiger Oats. It has savaged its competitors through an old-fashioned and worthy ploy: keeping lots of money in the bank.

Since its acquisition by Barlow Rand in 1982, Tiger has roared ahead. It has strengthened its position as one of the most profitable companies in the R14,5 billion food industry; and for more than a year the share has been one of the best performers on the JSE industrial board. Results for the six months to end-March show earnings a share up 23,7% and the dividend was lifted 38,5% — bonanza bottom-line figures, which will be equalled by very few listed companies this year.

But the source of this performance wasn't food, despite the efforts at operating level. It

The recession is taking its toll of the foods sector. While Tiger Oats has seen only a marginal increase in profits from its basic business, astute management and money market investments have kept it a star performer.

Originally from Tiger are joint MD Clive Wolpert (49), who joined the group in 1956, Rudi's son, Johnny (40), also joint MD, who has had 20 years with the group and runs personnel, public affairs and group market-



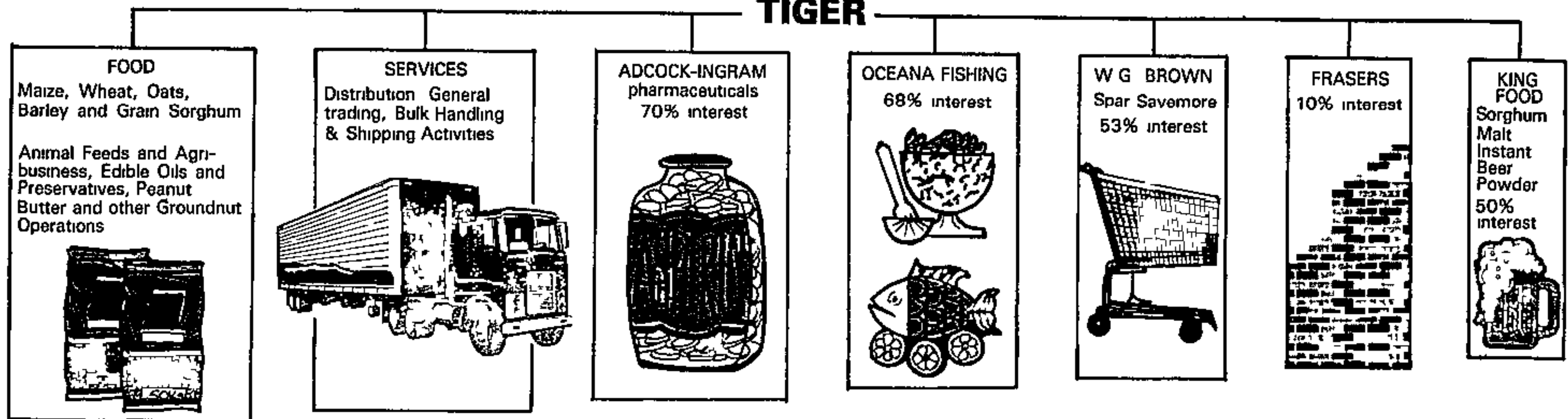
interim, group operating margins tumbled from 6,6% to 5,4%, and the food division's contribution to attributable earnings rose only 0,5% to R22,2m (R22m).

Nor was all well elsewhere. Earnings from the usually dependable pharmaceutical subsidiary, 70%-held Adcock Ingram, were down 9,3% at R3,1m (R3,4m). The only major operating subsidiary to increase profits was Oceana, the 53%-held fishing group, a relatively small contributor anyway. Its share of Tiger's attributable earnings was up 10,2% at R2,4m (R2,2m).

In fact, by far the main source of the earnings increase was from associates, investments and surplus funds, which more than doubled from R7,2m to R15,5m, and comes in after tax. Without that, the increase in group profits after tax was only 3,1%. And what really generated the growth in investment income was the R164m that Tiger received last year from the sale of its interest in UK-based J Bibby & Sons to Barlow.

Cash holdings and liquid investments at end-March totalled R212m, making Tiger one of SA's most liquid companies. It's doubtful that any industrial group except Rembrandt — which had some R700m in the bank last year — is more liquid. Apart from this, borrowings have declined in recent years, and the debt-equity ratio is only 0,27, relatively low for this large, capital-intensive business.

TIGER



is unarguable that the management which was infused into the food giant by Barlow heads up a lean, effective organisation. Chairman Tony Norton (46) and chief executive Robbie Williams (44), both Barlow men, are supported by operating companies that were whipped into shape over many years by that astute septuagenarian, Rudi Frankel, who retired last September.

The merging of the two cultures cannot have been an altogether easy process, and must have required delicate handling by Norton, an Oxford-educated former merchant banker. Notably, the executive committee now consists of four Tiger men and two from Barlow.

ing; financial director Brian Steele (41), who joined in 1980, and Peter Louw (56), who joined in 1951 and runs the milling division.

Apart from Williams, Barlow's other representative is Nick Dennis (37), who heads agri-business, allied foods, bakeries, sales and distribution. Williams stresses, however, that "the original pangs of cultural change are past. We are very much one team now and there is no Barlow/Tiger thing anymore."

Today, it is surely fair to say that margins and efficiencies are as good as — maybe better than — any in the basic food sector. But it is a business going through desperate times, and Tiger's getting hurt too. At the

This cash will have to be used to create new business, or management could come in for criticism for failing to use the assets to increase shareholders' funds over the long term. In the overall scheme of things, however, the six months or so that they have been sitting on this cash is negligible. Besides, Williams argues that it is not only operating efficiencies that count. He insists that financial management is just as important — so results must be assessed after interest.

Right now, Tiger's liquidity is the source of a lot of financial muscle. With the cash mountain invested in short-term deposits, interest income can boost earnings when the operating divisions are under stress. "The

186 Sold

Already the wheat milling industry is working close to full capacity, says Williams, who warns that "it takes three years to bring a new flour mill into operation. If producers

don't put in new capacity today then SA won't be able to satisfy its bread requirements" Maize mills, he says, are working at about 75% capacity

The maize industry has the added problem that sales of maize products fell last year by 7%-10% because of consumers' inability to spend, and their resistance to the yellow

AND OVER AT PREMIER . . .

There is little so far to show that Premier's diversification into mass consumer markets has been a shining success. Results from SA Breweries (SAB) subsidiaries, and the continued pressures in the food sector, do not bode well for Premier's results for the year to end-March, to be announced in a fortnight

Meanwhile, the group's management has carried out a massive rationalisation and cost-cutting exercise that should stiffen efficiencies and profits. Full benefits won't flow through to profits until next year. But after the achievements of the last six months, there is now every prospect that group operating profits for the

suggest that some of these activities have fared worse than the food sector

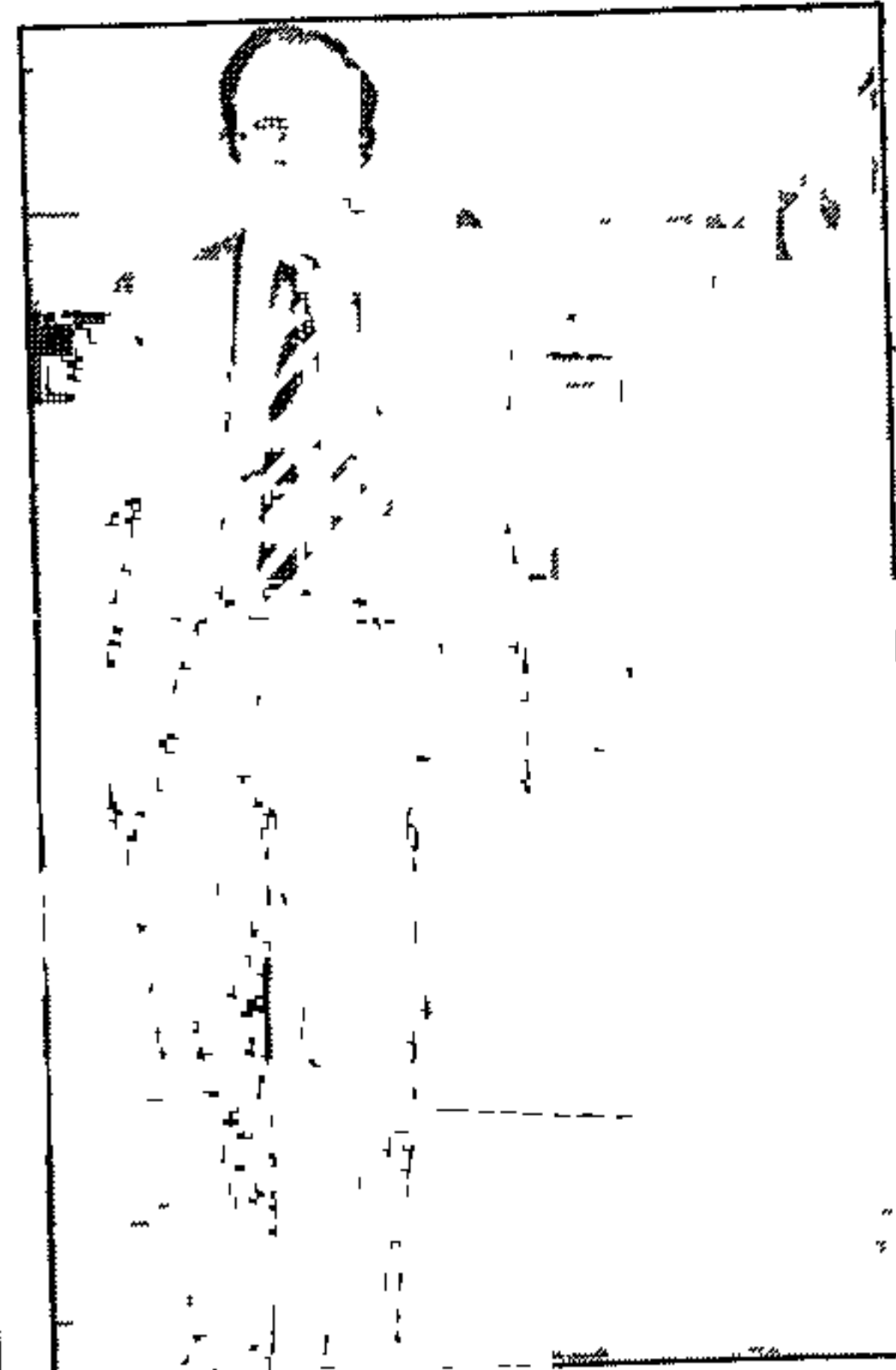
Given the dismal year-end profits of some operating subsidiaries — OK Bazaars' earnings a share were down 45%, Afcol's fell 31,8%, Amrel's by 65,5% and Southern Sun's by 15% — SAB's only prospect of stemming the slide lies with the beverages division. Even so, if beverages have performed as well as some sources expect, when SAB's figures are published on Thursday they will be better than these results suggest. A better performance may also be achieved by CNA/Gallo, which publishes on Friday

Premier Foods, which houses Premier's traditional foods activities, has been up against the same problems facing others in the business — essentially, lower volumes, rising costs and tight margins. However, group chairman Tony Bloom said at the interim that management had targeted two priorities for the second half to turn the lossmaking chicken division around; and to cut working capital re-

year will drop to about half of last year's R86m.

Premfood's borrowings have fallen, but the group year-end figure will include the first-time consolidation of Ovenstone's (OIL) debts Premier acquired control of OIL last year. Wrighton notes that OIL has also reduced its working capital and borrowings and has considerable investments in property which could be liquidated if needed

The food division may well have bottomed out, and will steadily improve its trading profits from here on. But it is not yet clear whether Premier should be seen as a full-blooded recovery situation

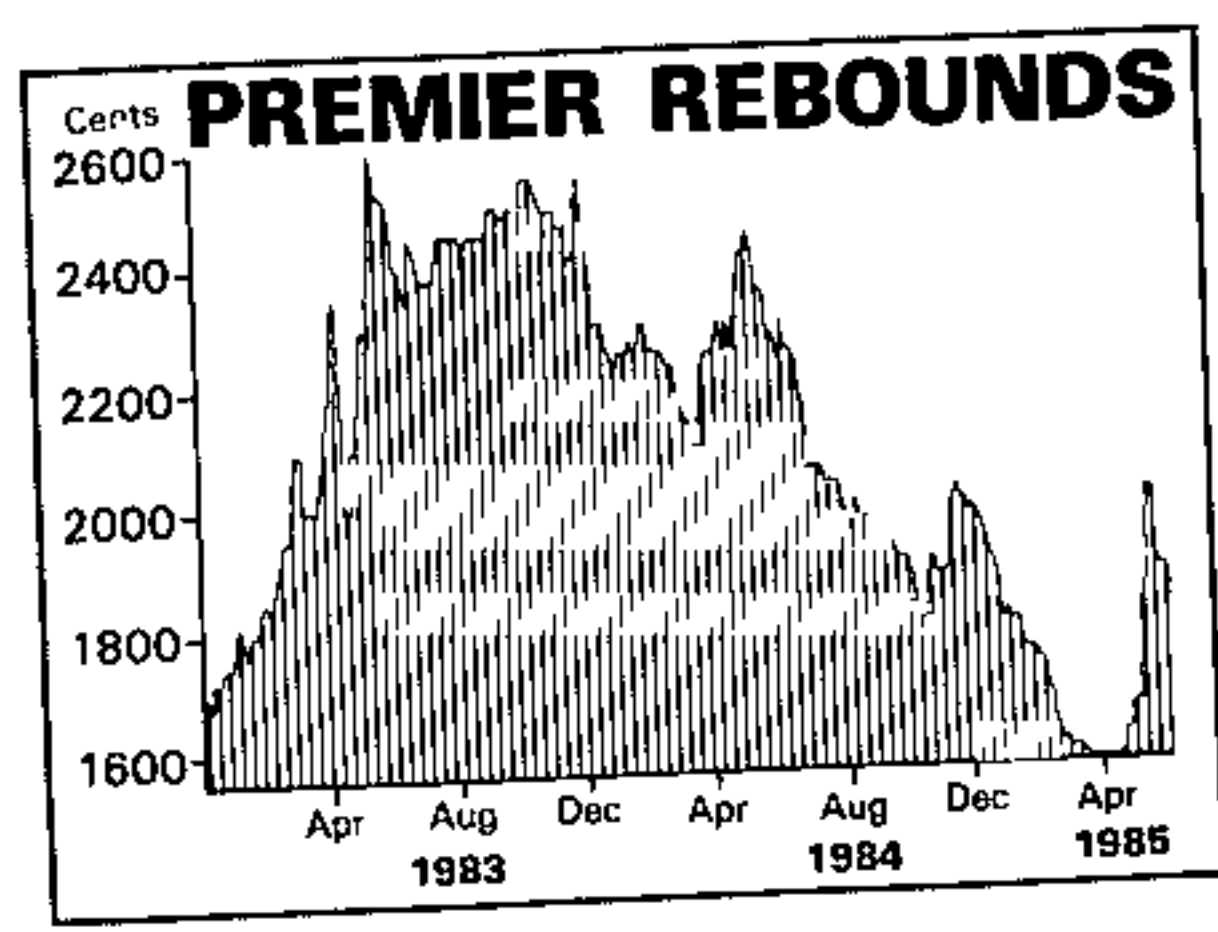


Premier's Wrighton . . . targets pretty well achieved

full year will show an advance on last year.

Adding to problems at operating level, however, is the relatively high debt, which included medium- and long-term borrowings of R332,3m at end-September last year. The interim interest bill soared 89% to R35,7m (R18,9m), more than wiping out benefits from the 12% rise in trading profit to R68,5m (R61,2m) and the increase in the share of retained earnings of associated companies to R17,6m (R15,6m)

Premier, with its 35,6% interest in SAB, and 29,2% in CNA/Gallo, is deeply exposed to consumer expenditure, and performances announced in recent weeks

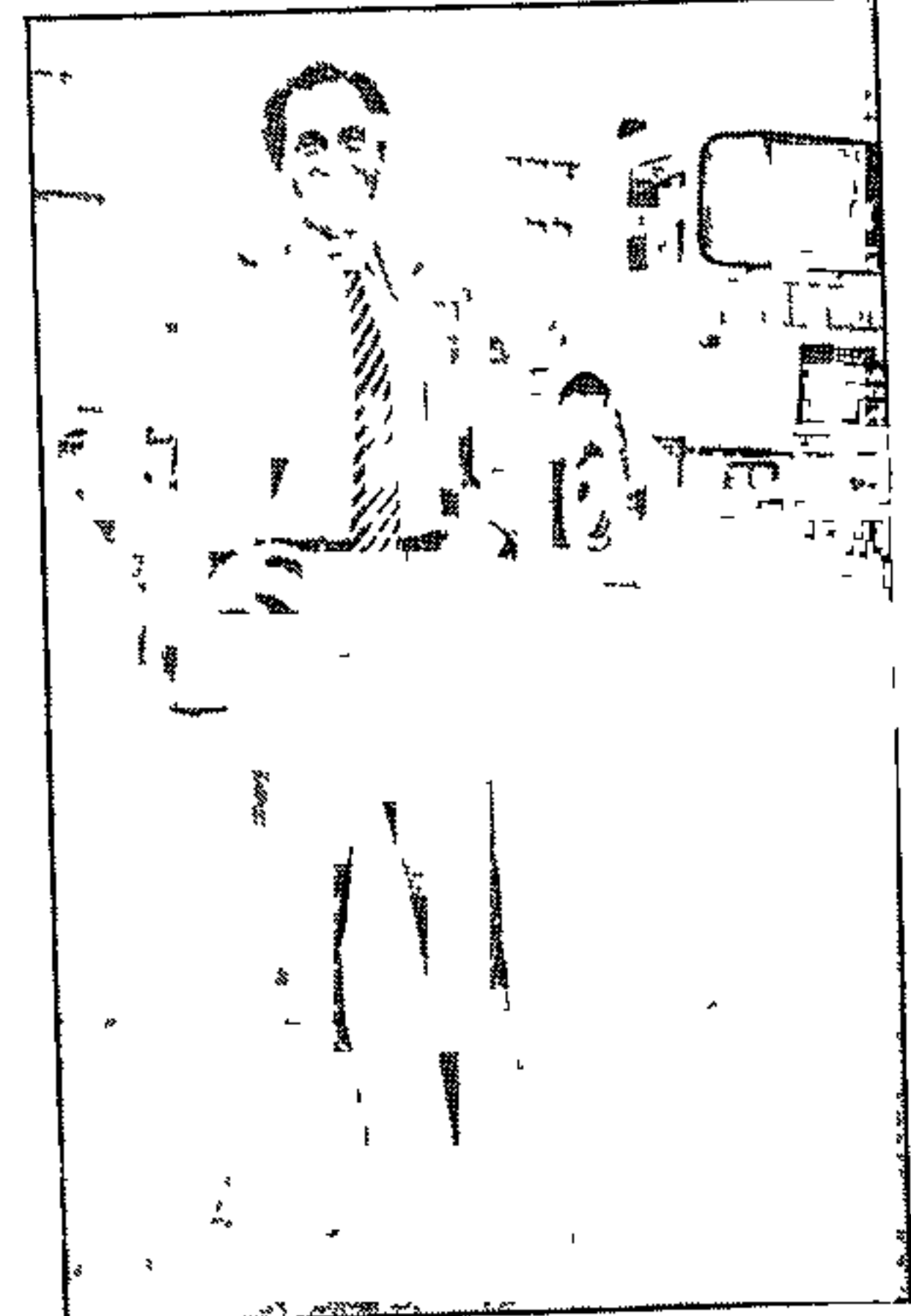


quirements by R100m. Inevitably, this caused some analysts to ask why Premier had so much fat to trim

"Those targets have pretty well been achieved now," says Peter Wrighton, Premier's deputy chairman. "I understand that the chicken division was in profits during the last four months. "We have stopped the bleeding," says Bloom

Wrighton adds that "we have squeezed R100m off liquid assets managed and improved productivity ratios. We have put increased emphasis more on getting the balance sheet right as well as on bottom-line profits"

In the process, the group has retrenched staff for the first time. But management has grasped the nettle and cut the payroll by 3 000 people. As Wrighton points out, though, retrenchments involve one-off expenses, so these benefits won't all show up yet. All unnecessary capital expenditure has been cut, and capex this



Chairman Bloom . . . the bleeding has stopped

Much will depend on the balance sheet, and on the performance of other consumer interests during the next six months. A major drop in interest rates would be bullish

Food still provides the bulk of overall earnings, but Premier can no longer be compared directly to others in the food sector. Investors are more likely to view the stock as an industrial holding company. However, the price firmed in the past two months from a 12-month low of 1 550c to 2 000c. It stands at 1 825c, which yields 4,7%, a more favourable rating than the food sector's average of 5,5%, and a shade better than SAB's 4,9%

Andrew McNulty

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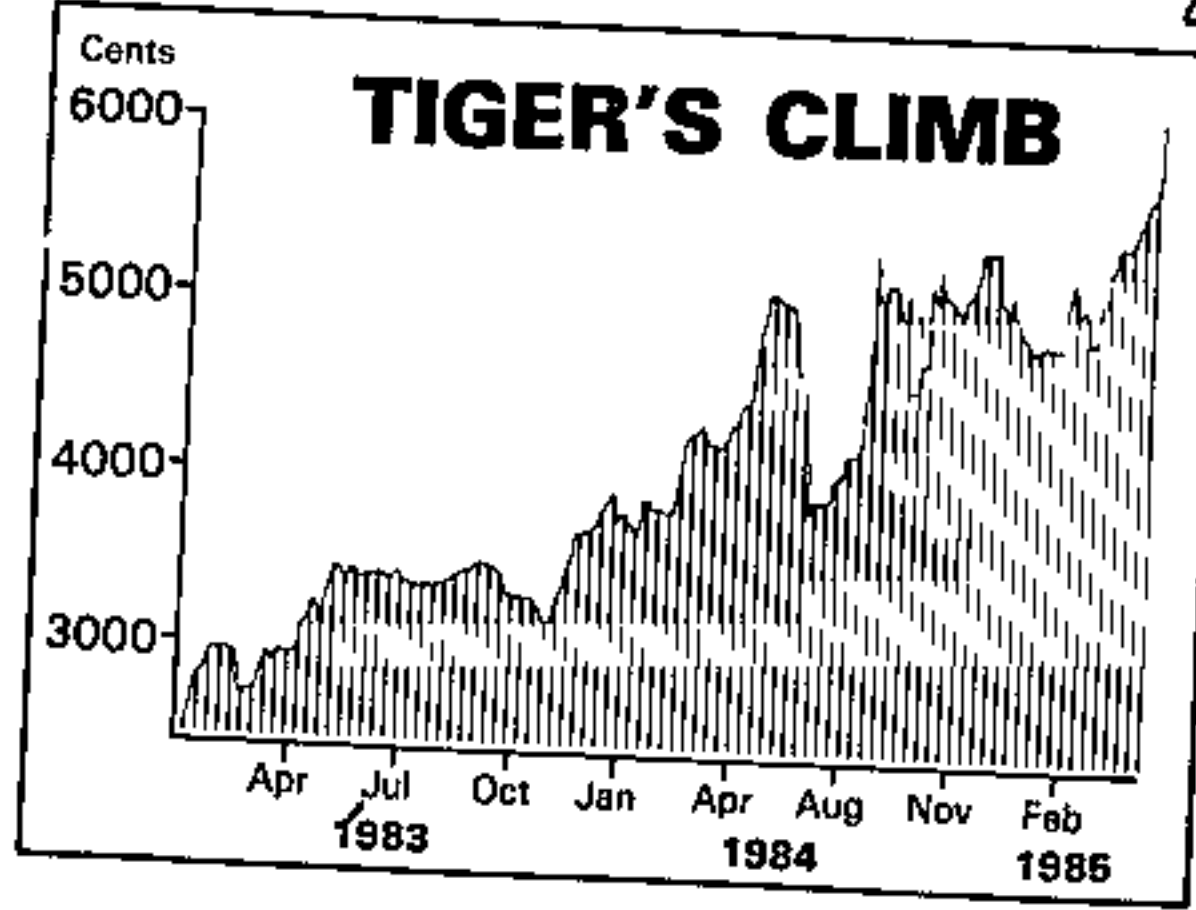
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maize that had to be imported because of the drought. Consumption patterns have changed, and it is not clear when, if ever, they will resume previous growth patterns.

A return to normal agricultural crops will obviously help food producers. But while indications are that this year's crops of wheat, sunflower oil and groundnuts are looking good enough to avoid costly imports, Tiger will only feel the benefit next financial year.

For the entire industry, though, much will depend on how far government dares to go in its present confrontation with the maize farmers. If the aftermath is a freer market, that can only be seen as a good thing — not least by investors.



This, like a significant acquisition in an added-value, high-margin business, would undoubtedly trigger a renewed rerating of the share. Williams is hopeful that better profitability for the core foods business will

come. He notes that long-term, the food sector is expected to enjoy annual growth at a real 3%. "We are in a very volume-sensitive and margin-sensitive business," he notes. "A few years ago we had margins of 7.5%-8%. We're going through a hiccup now, but should be back on course in a year or two."

One way or another, the group will have to head towards better overall profitability if the share is to retain its premium rating. At 6 100c, the counter yields 3% against the food sector's average 5.4%. Since Barlow took over, there has been a two-year to three-year phase of unlocking the assets, which looks largely complete — until the next big step. The market is now waiting hungrily for that move.

Andrew McNulty

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BOYCOTT red meat sacked workers

By BENITO PHILLIPS

EAST LONDON abattoir workers this week called for a red meat boycott after 150 workers were dismissed following a dispute over wage increases.

The Red Meat Boycott Committee, formed after the dismissals, said Abattoir Corporation's management refused to settle the dispute in "an amicable manner" and refused to enter into any negotiations with the SA Allied Workers' Union or the workers' committee.

Workers are demanding their unconditional reinstatement R3.50 an hour, recognition of Saawu and cold storage protective clothing.

plant have given management a big headache

Says Horlock "It became clear that both SFAWU and NSRAIEU had 50% support at Pongola with the majority of 51% swinging backwards and forwards almost on a daily basis. All employees are accommodated on company property and the tension and rivalry, both within the factory and the village, was reaching impossible levels."

After consultations with the unions, it was decided at the beginning of this year to implement both agreements at Pongola for a period of three months (April to June). Thereafter, an audit will be conducted to establish whether a clear majority has emerged. In the interim, employees may vary their employment package merely by switching unions.

But as Horlock says, "At least that is better than changing the whole labour force as the majority swings between the two unions."

Meanwhile, negotiations for the 1985 agreement have begun at both industrial council level with NSRAIEU and at plant level with the SFAWU. But there are indications that SFAWU now has the majority at its biggest mill, Sezela. So in future it seems likely that exemptions will have to be extended to include Sezela. Clearly C G Smith will have to re-examine its relationship with

the industrial council unions

Notes Horlock "It seems like the multi-union industrial relations problem, a scenario sketched by academics, has arrived. We must keep a cool head and take the right decision at the right time ignoring, if necessary, the law and the text books. Our objective remains to maintain a happy and contented labour force in what is a very complex situation."

SUGAR INDUSTRY

A bitter dilemma

If they weren't so serious, the labour problems faced by C G Smith Sugar as a result of multi-level bargaining would be almost comic.

Inter-union rivalry at Smith's sugar mills has reached such a pitch that it has become impossible to implement effective wage agreements. As a result, management has thrown away the rule book and has resorted to crisis measures to keep industrial peace.

Observes personnel director Barrie Horlock: "This is one problem where you won't find the solution in a university business school library."

The problem stems from inroads made by Fosatu's Sweet Food and Allied Workers Union (SFAWU) at Smith's mills where it is squeezing out the larger National Sugar and Refining and Allied Industries Employees Union (NSRAIEU).

The NSRAIEU, headed by Selby Nsibandé, negotiates at industrial council level and SFAWU negotiates at a corporate level on behalf of unskilled and semi-skilled workers at Noodsberg, Umzimkulu and Pongola mills. To implement agreements struck with SFAWU, exemption from the industrial council agreement is required.

Last April agreements were reached with both parties. While the packages differed in details, the cost of the awards was roughly comparable. Exemptions from the industrial council agreement were granted — except at Pongola where the NSRAIEU claims to be representative. Rival union claims at the

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Bread ban as shops hit back at bakeries

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By MIKE LOEWE

ABOUT 450 shops in the Eastern Cape, mostly in the black and coloured areas, could be involved in a boycott of bread produced by five Port Elizabeth bakeries which began today

This follows an announcement today by the Eastern Cape Traders Association (ECTA), which claims to have 200 member outlets, that they were joining the boycott called on Thursday by the Eastern Cape African Chamber of Commerce (ECACOC), which says it has 250 retail members

The organisations listed reasons for the boycott as

- Negative profit margins on the retail price bread The African chamber claims its members are selling bread "as a charity"

- Allegedly grimy bread baskets, uncovered and stale bread, and dirty delivery vans

- Delivery of loaves which traders claim are leftovers from major chain stores

- Delivery of confectionery which allegedly still carries price tags from major chain stores

- Delivery of allegedly dirty and damaged bread by untrained workers who handle bread "like bricks"

- Delivery vans used in the black and coloured areas which are "different" from those in the white areas and which are allegedly dirty

In a statement today the vice president of ECACOC, Mr Churchill Siwisa, said the traders demanded

- Delivery of bread fit for human consumption

- Delivery vans should be cleaned up

- Workers should be given clean overalls and should not smoke in the vans

- Outlets should be allowed to make some profit on the sale of bread

Four bakeries were today unable to say whether they had been affected by the boycott

Mr Max Hoppe, secretary of the Master Bakers Association (MBA) comprising the five major PE bakeries, today rejected a number of the claims

He said the association had heard grievances from the associations, but he doubted whether they were representative

He blamed narrow profit margins on Wheat Board controlled pricing and said traders should approach the board with their problems

The MBA employed someone to conduct spot checks on delivery vans and to control conditions

It was possible some workers wore dirty overalls and smoked in the back of vans and the issue had been discussed at meetings. It was regrettable that the retail organisations should feel nothing had been done

He said complaints should be raised with the bakeries concerned

Mr Hoppe denied that bakeries accepted bread back from large chain stores and then delivered it to smaller outlets

The MBA could not lower its retail prices because "if we had accepted this for their organisations, we would have to be giving kick-backs and discount prices to the whole city at great cost"

Mr Hoppe believed the boycott did not have the support of all outlets. Bread was a staple food and he did not believe the community could cut back on consumption

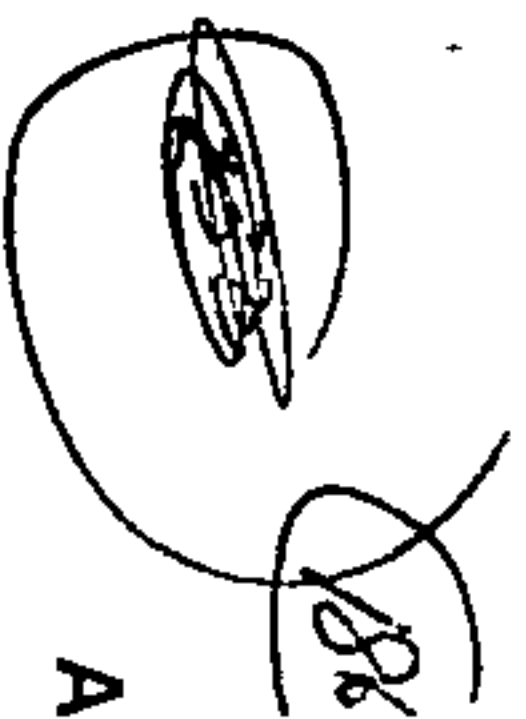
Mr Ebrahim Soomaf, president of ECTA, said the association had decided last night to join the boycott

"At a meeting with the bakers last month we raised the question of the condition of the bread. We gave them a month to respond, but we have seen no improvement"

Watchdog

21/5/85

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WHILE digging into the bread scandal, WATCHDOG was approached by Mr Benjamin Trisk, executive general manager of Premier Milling, who kindly offered to supply insider's figures on the industry.

The figures show that the bakers and millers are, if not starving, at least not too happy with their profit margins.

According to these figures the big milling and baking concerns would be better off putting their money in the Post Office.

Figures

But read Mr Trisk's account for yourself. I cried all the way through it. If it leaves you none the wiser it will at least help you appreciate your daily bread.

The figures (in the table on the right) for brown bread are made up in a similar way although the actual numbers are different.

Note that the baker's profit margin is in fact less than the retailer's profit margin.

Costs

The total cost of a loaf of brown bread is 54.1c, from which a subsidy of 14.1c per loaf must be deducted to provide a maximum selling price for brown bread of 40c.

Your loaf in the hands of a powerful few...

WORKING hard to ensure the truth of the old Biblical injunction that man shall not live by bread alone, are a group of monopolists and cartellers

In 1984 the price of bread rose twice — brown bread by 25 percent and white by 22 percent — at a time when the inflation rate was run-

ning below 16 percent.

This week the price of white and brown bread is expected to jump by 10c and 8c respectively — or 16.6 and 7.4 percent since the last price rise seven months ago.

The percentage price increase in the last 18 months now totals 32.4 for brown

and 38.6 percent for white — and this for a product which is subsidized to the tune of R200 million a year.

Funny things happen on the way to the flour mill. In 1983 the Department of Agriculture admitted that it had overspent on the bread subsidy and couldn't account for the money. In

other words, R26 million vanished because of a computer error which apparently confused the number of loaves produced with their mass in kilograms.

The subsidy, incidentally, goes to producers and retailers. The whole elaborate dance confuses the hell out of the average consumer.



Between them, these three J D Louw (Fedfood), T

Figures show industry Monopoly profits: ends up with the crust How the big boys

COST FACTORS IN THE PRICE OF WHITE BREAD (c/loaf):

Price payable by baker for flour/meal	35.9
This can be broken down into a number of separate inputs beginning with raw wheat	
Producer's price of wheat	23.3
Storage cost of wheat	3.4
Inward railage — wheat to mill	1.3
Milling cost of wheat	6.7
Outward transport — flour and meal	1.0
Wheat Board levy — administration	0.2
TOTAL	35.0
Cost of ingredients other than flour/meal	2.7
TOTAL COST OF INGREDIENTS:	38.6

make heavy dough

WATCHDOG asked Sydney Fiske — an agricultural economist, Farmer's Weekly columnist and expert on the Dairy, Maize, Egg, Meat and other Boards which have permanent hands in your pocket — for his view on how the milling companies make their dough.

Worse even further, the bakery licences actually stipulate the size of the oven a bakery may use. So, even if a bright young baker gets a licence (which is not easy) he has no guarantee that he will ever be able to expand his business.

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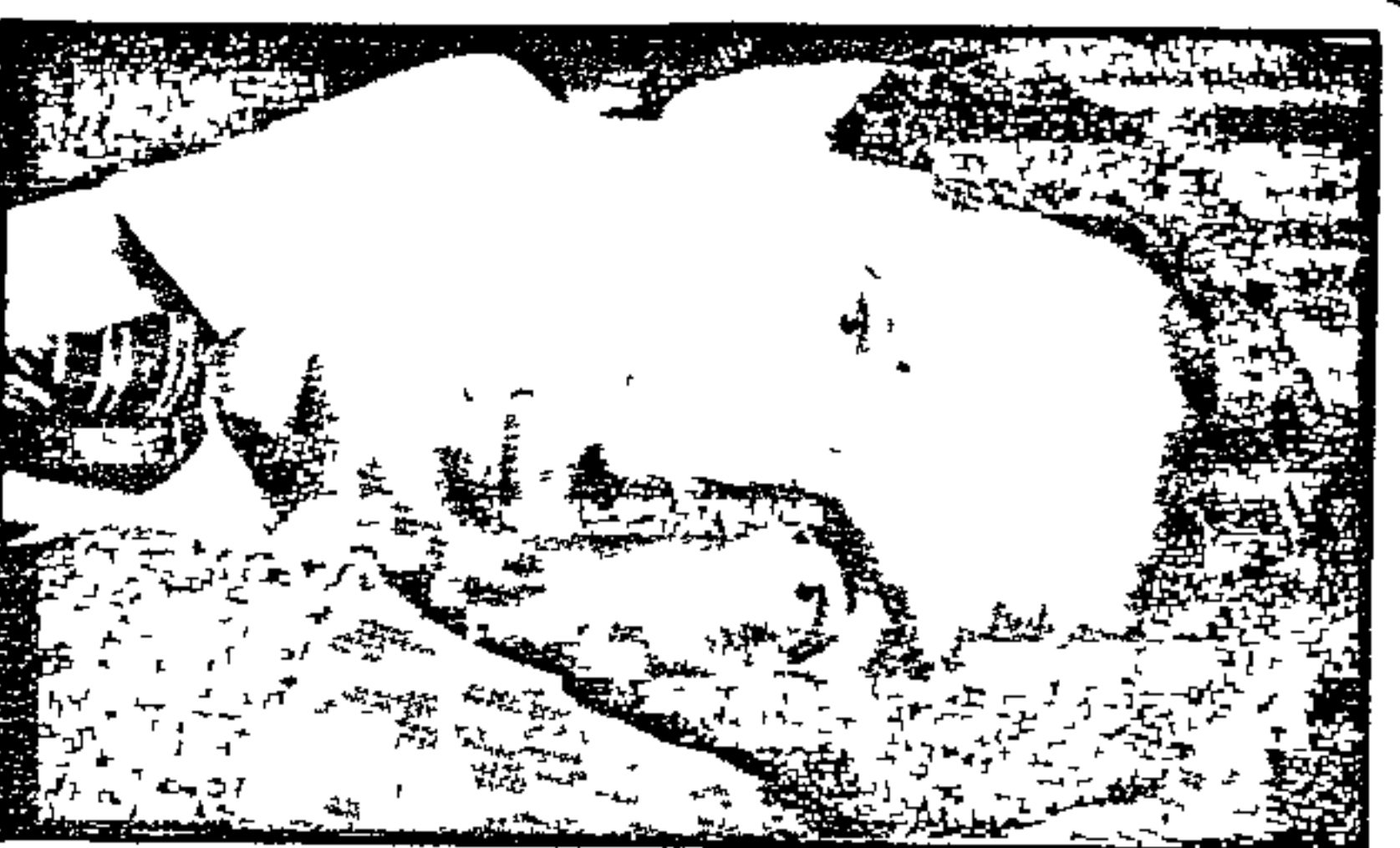
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A safeguard for your rights. Edited by BOB MOLLOY

Self in the hands Werewolf few...

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Between them, these three men control some 80 percent of the industry. They are, from left: J D Louw (Fedfood), Tony Bloom (Premier Milling) and Tony Norton (Tiger Oats)

Food industry Monopoly profits: 1 the crust How the big boys make heavy dough

IF WHITE BREAD (c/loaf):
 35,9
 separate inputs beginning with raw

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ness (majority) obliges again by using the (multi-million rand) subsidy, which the Minister gives it, to subsidise the poor product that only the owners of the scarce bakers' licences are permitted to produce.

The Maize Board (with

Commodity increases from 1978 to 1984 compared with inflation

THE accompanying tables are courtesy of the Housewives' League and Robin McGregor, author of "Who Owns Whom". More detailed commentary on corporate choreography can be

Ultimate controlling shareholders of above

Main suppliers of commodities on attached schedule	
Mealie meal	Premier, Tiger, Tongaat & Fedfood
Bakers margarin	Premier, Tiger, Bokomo & Fedfood
Bricks	Tongaat
Eggs	Premier, Tiger, Bokomo & Fedfood
Brown bread	Premier, Tiger, Bokomo & Fedfood
Oranges	Premier, Tiger, Bokomo & Fedfood
White bread	Premier, Tiger, Bokomo & Fedfood
Cheese	Premier, Tiger, Bokomo & Fedfood
Butter	Premier, Tiger, Bokomo & Fedfood
Whitart Millers margarin	Premier, Tiger, Bokomo & Fedfood
Meat	Kanhyrn, Veissanzani etc
Beer	B, Shell, Caltex & Mobil
Petrol	B, Shell, Caltex & Mobil
Coal	B, Shell, Caltex & Mobil
Frozen chicken	Highlow, Premier, Tiger
Breakfast cereals	Killigors, Bokomo, Pro Nutra, Premier & Tiger
Sugar	Tongaat & CG Smith
Detergents	Mary
Frozen vegetables	LA J, IC S, Table Top
Tea	Bekette, Unilever, Bro, Kshold & CTC
Beer	BA Breweries
Creamers	Bacchetta, Carristion, Gordani
Coffee	Beckerts, Nutritional Foods, Perce & CTC
Toothpaste	Unilever, Beechams, Colgate

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poly profits: the big boys heavy dough

tion even further. Worse still, the bakery licences actually stipulate the size of the oven a bakery may use. So, even if a bright young baker gets a licence (which is not easy) he has no guarantee that he will ever be able to expand his business.

Oven size

Is it surprising that the big millers have been systematically buying up bakery licences? They needed them to consolidate their respective positions in the milling cartel, which the Wheat Board (with farmer majority) so generously organized on their behalf.

To do that, they had to protect their markets for flour.

The Wheat Board is fairly free in granting confectionary licences, which allow tearooms to bake cakes. The millers don't mind that because they want to sell flour and know that there is no risk of a sticky bun and icing handler growing too big for his boots.

Proper baker's licence (which allows you to make fancy breads) falls half-way between the other two. If a persistent applicant struggles long enough and promises to behave himself he may eventually get one. But, just to keep him down, the (farmer controlled) board stipulates that he mustn't use a proper baking tin. That's why all the best bread in South Africa comes in unloaf-like shapes.

But bad bread can't compete with good on even terms. So the Wheat Board (with farmer ma-

majority) obliges again by using the (multi-million rand) subsidy, which the Minister gives it, to subsidise the poor product that only the owners of the scarce bakers' licences are permitted to produce.

The Maize Board (with another built-in farmer majority) decided, in its infinite wisdom, to rationalize the maize-milling business in exactly the same way. "Thank you very much," said Tiger Oats, Premier Milling, Tongaat Foods and the like who thereby found themselves in a position to dominate the animal-feeds business as well.

They had a head start, of course, in that the Wheat Board (with farmer majority), Maize Board (with farmer majority) and Oilseeds Board (with farmer majority) fixed things up so that it was almost impossible for any small, independent feed compounder to lay his hands on a reasonably priced regular supply of bran, pollard, or oil cake.

More recently Abakor and its fairy godmother Meat Board (with farmer majority) have managed to create the right environment for the big groups to gain control of the blood-meal market as well.

Control

Fishmeal quotas (fixed up by another generous government department which has only just come under the wings of our minister) gave the big companies control of another important ingredient.

Commodity increases from 1978 to 1984 compared with inflation

THE accompanying tables are courtesy of the Housewives' League and Robin McGregor, author of "Who Owns Whom".

More detailed commentary on corporate choreography can be found in McGregor's subscriber newsletter "Takeover Talks".

The Housewives' League table shows an increase of 237 percent for white and 184 percent for brown bread between 1978 and 1984.

The inflation table shows that price increases in bread have consistently exceeded the average inflation rate by a large margin.

But, even with those enormous advantages, the over-capitalized feed millers couldn't compete with the ordinary farmer who tried to mill and mix in his own backyard.

So the big milling groups found it necessary to have tame customers. That's why they started moving downstream into livestock.

And which particular branch of the livestock industry did they find it easiest to gain control of? Why, the egg industry, of course. That was the only one that promised to restrict the entry of competitors.

They found an Egg Board (with regulation farmer majority), which was prepared to play into their hands just as the Wheat and Maize boards had played before.

There is only one reason why the big millers



Main suppliers of Commodities on attached schedule

Mealie meal	Premier Tiger Tongaat & Fedfood
Bakers' margin	Premier, Tiger, Bokomo & Fedfood
Bricks	Tongaat
Eggs	Premier, Tiger, Bokomo & Fedfood
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Butter	Premier, Tiger, Bokomo & Fedfood
Wheat Millers margin	Premier, Tiger, Bokomo & Fedfood
Meat	Kanhym, Vieissentraal etc
Railage	
Petrol	BP, Shell, Caltex & Mobil
Coal	
Frozen chickens	Rainbow, Premier, Tiger
Breakfast cereals	Kellogg's, Bokomo, Pro Nutro, Premier & Tiger
Sugar	Tongaat & CG Smith
Detergents	Many
Frozen vegetables	I & J ICS Table Top
Teabags	Becketts Unilever Brookebond & CTC
Beer	SA Breweries
Creamers	Becketts, Carnation, Borden
Coffee	Becketts, Nutritional Foods, Perca & CTC
Toothpaste	Unilever Beechams, Colgate

Ultimate controlling shareholders of above

Premier	Anglo
Tiger	SA Mutual via Barlows
Tongaat	Anglo
Fedfood	Sanlam
Bokomo	Co-op
Kanhym	Sanlam
Vieissentraal	Co-op
Rainbow	Stan Methven
Pro Nutro	Anglovaal
I & J	Anglovaal
ICS	SA Mutual via Barlows
CG Smith	SA Mutual via Barlows
Table Top	Sanlam
Becketts	Anglovaal
SA Breweries	Anglo
Perca	Brookebonds

Basic Food Increase

	October 1978	May 1984
Butter 500g	50c R1 90	+ 237%
Milk 1 litre	25c 64c	+ 156%
Rice 1 kg	60c 99c	+ 43%
Cake Flour 2.5 kg	65c 91 47	+ 128%
Instant Coffee 750g	R1.39 R2 55	+ 108%
Teabags 100 e	92c R1 99	+ 116%
Tee 250g	59c R2.09	+ 254%
Sugar 2.5 kg	45c R1 64	+ 264%
Eggs, large/dozen	38c R1 04	+ 173%
Chickens frozen/kg	92c R1 79	+ 94%
fresh	98c R2 09	+ 113%
Margarine 250g	24c 68c	+ 178%
Mealie Meal 2.5 kg	35c R1 04	+ 197%
Brown Bread 900g	13c 37c	+ 184%
White Bread 900g	16c 54c	+ 237%

Commodity increase price controlled by:

	%	STATE	PRIVATE SECTOR
MEALIE MEAL	187	control board	cartel
BAKERS MARGIN	180	price control	cartel
BRICKS	187	price control	monopoly
EGGS	162	control board	monopoly
BROWN BREAD	160	price control	cartel
ORANGES	147	control board	monopoly
WHITE BREAD	140	price control	cartel
CHEESE	138	control board	monopoly
BUTTER	128	control board	monopoly
WHEAT MILLERS MARGIN	125	price control	cartel
MEAT	120	control board	cartel
RAILAGE-COAL	126		monopoly

INFLATION 115

FUELLING INFLATION ↑

are prepared to lose millions to gain a dominant position in the egg industry. They know that once they have cornered the market, they will be given all the protection they need to ensure that no one will ever be al-

lowed to compete with them again.

The minister doesn't need to pass a law to stop vertical integration. He needs to repeal existing laws and withdraw subsidies that play into the hands of big business.

supply industry figures on the industry

The figures show that the bakers and millers are, if not starving, at least not too happy with their profit margins

According to these figures the big milling and baking concerns would be better off putting their money in the Post Office.

Figures

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The figures (in the table on the right) for brown bread are made up in a similar way although the actual numbers are different.

Note that the baker's profit margin is in fact less than the retailer's profit margin.

Costs

The total cost of a loaf of brown bread is 54,1c, from which a subsidy of 14,1c per loaf must be deducted to provide a maximum selling price for brown bread of 40c



I have also looked at the increase in production costs over the period 1975/1984.

Actual costs

The baker's actual costs (excluding the cost of raw materials and replacement and depreciation allowances) escalated from 5,1803c per loaf in October, 1975 to 15,4640c per loaf in September, 1985.

The compound increase is therefore 11,56 percent per annum over the period.

Wage index

Note that the interest allowed to the industry to both fixed and floating capital is below the current cost of money, in the case of fixed capital, significantly lower; and you should not forget, in assessing a compound rate of growth in production costs, that labour is included in these figures.

If you are able to obtain relevant figures for wage costs over the period I believe you will find that the wage index has increased more sharply than the overall CPI (Consumer Price Index).

Insofar as the miller's actual costs are concerned, the figures I have

of a powerful tew

WORKING hard to ensure the truth of the old Biblical injunction that man shall not live by bread alone, are a group of monopolists and carteliers

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Figures show industry Monopoly ends up with the crust How to make

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Price payable by baker for flour/meal	35,9
This can be broken down into a number of separate inputs beginning with raw wheat:	
Producer's price of wheat	23,3
Storage cost of wheat	3,4
Inward railage — wheat to mill	1,3
Milling cost of wheat	6,7
Outward transport — flour and meal	1,0
Wheat Board levy — administration	0,2
TOTAL:	35,0
Cost of ingredients other than flour/meal	2,7
TOTAL COST OF INGREDIENTS.	38,6
Production cost of bread	10,0
The production cost is a global figure made up of a number of separate calculations. These individual figures, established for the period from October 1, 1984 to end-September, 1985 were	
Direct production	6,4611
Administration	2,6060
Depreciation and replacement allowance	0,9573
RUNNING TOTAL:	48,6
The delivery cost, also made up of running costs as well as depreciation and replacement allowances, is	
RUNNING TOTAL:	55,5
To this figure can be added the baker's margin (profit) which is made up of interest on fixed and floating capital	
RUNNING TOTAL:	56,8
Retailer's profit margin	2,0
TOTAL COST	58,8
Add subsidy from white bread towards brown bread	1,2
MAXIMUM SELLING PRICE OF WHITE BREAD	60,0

worked on do not include recent adjustments to the wheat miller's margin just announced.

Increases

You will appreciate that it is not normal to adjust the margin in mid-year.

It was done because cost increases for the 1983/84 season were disallowed by the Minister last year and a promise was made to examine these costs again in March, 1985

In addition, cost adjustments have had to be made because the fuel price went up by more than 40 percent in January



Wheat

(Bear in mind that cost increases are only adjusted annually in arrears in both the milling and baking industries. To this extent the industries thus lose the present value of the increases weighted by the rate of increase

through the year).

I have expressed the increase in miller's actual costs per ton of wheat milled as this is the accepted method when examining milling costs.

For the period October, 1975 to March, 1985 (I have not used end period 1985 in view of the interim adjustment) production, distribution and administration costs together rose from R17,70 per ton to R55,76 per ton, a compound increase of 12,82 percent per annum (9,5 periods).

However, within these costs are a number of costs over which the miller has no control — such as fuel and energy

WATCHDOG asked Symond Fiske — an agricultural economist, Farmer's Weekly columnist and expert on the Dairy, Maize, Egg, Meat and other Boards which have permanent hands in your pocket — for his view on how the milling companies make their dough. He replied with this extract from his book "Ploughing a Furrow".

I find it quite incredible that neither the government, nor the Opposition can see where the big feed companies get their strength from and why it pays them to lose millions of rands in their effort to knock independent farmers out of the poultry business.

In fact, the apparent blindness to what is going on leads me at times to suspect that it can't only be their ignorance that prevents them from seeing what has been happening. Some of their advisers must actually want the big milling companies to succeed at the expense of the independent farmer

For their information and yours, this is what has been happening

The milling companies are heavily protected by the Wheat Board (with farmer majority). By restricting the number of wheat milling licences and baking licences the board effectively ensures that competition is restricted in two highly profitable industries

Monopoly profits are made by all bakers and millers, especially those able to buy enough licences in one area and thereby narrow competition

AR 22/5/85 (186) (219)

Fedfood increases profit by 21,3 pc

FEDFOOD increased its turnover by nearly 14 percent to R819-million and has declared a dividend unchanged at 30c. Profit before tax and finance charges increased by 21,3 percent.

But foreign exchange losses of R10,6-million written off in the past financial year — resulting in an increase in finance costs of 54,4 percent — cut the company's net profit to R20,9-million compared to the R21,8-million of the previous year.

Fedfood maintained its dividend and increased turnover in spite of a major rationalisation programme. This rationalisation took the form of the restructuring of the group and diversification of certain companies.

● Protea Assurance's shareholders gave the company final approval for the acquisition of Phoenix Prudential Assurance at yesterday's special general meeting. The resolution was carried by a majority of nearly 89 percent.

The merger flows from the acquisition in Britain of Phoenix by the Sun Alliance Group, which holds 74 percent of Protea's equity. To finance the deal, 1 750 000 new Protea shares will be issued to Sun Alliance.

Figures for 1984 give the group total assets of some R110-million, with combined gross short-term premium income of over R136-million.

● Premier Group Holdings achieved a reasonable performance for the year ended March 31 at the level of trading, but profits were negated by a heavy interest bill, increased minorities and higher taxation, the chairman, Mr A H Bloom, has said.

As a result, the net profit after tax attributable to ordinary shareholders had decreased by 21 percent to R95,5-million.

However, the ordinary dividend for the year of 54c a share matched that for 1984 and with the interim also matched the 1984 total dividend of 86c a share.

Group turnover increased by 12,8 percent to a record R2,3-billion (R2-billion) and trading profits also showed a satisfactory increase of 11,38 percent to reach a figure of R141,4-million (R127,1-million).

Because of a 67 percent increase in net interest paid of R72,2-million (R43,3-million) and a foreign exchange loss of R7,4-million (ml), the profit before tax was down 18 percent at R101,8-million (R124,0-million).

● The Natal Building Society boosted its pre-tax profits by 11 percent to R33-million (R29,7-million) in the financial year to March 31, as its assets climbed by R120-million to R1 948-million.

With an additional R17,5-million transferred to its reserves, the NBS is now only just short of achieving a 4 percent reserves to liability ratio as recommended by the De Kock Commission.

Balances owing on properties in possession leapt from R25 000 to just under R1-million reflecting the tougher conditions for house buyers.

Stephen Robinson

Premier Group sees difficult year ahead

186 CAPL TINTS 22/5/85

JOHANNESBURG — Premier Group Holdings Ltd achieved a reasonable performance for the year ended March 31 at the level of trading, but profits were negated by a heavy interest bill, increased minorities and higher taxation, the chairman, Mr A H Bloom, said yesterday.

He said the result was that net profit after tax attributable to ordinary shareholders had decreased by 21 percent to R95,5m.

However, the ordinary dividend for the year of

54c a share matched that for 1984 and with the interim also matched the 1984 total dividend of 86c a share.

Mr Bloom said "it's been a tough, hard year and we anticipate another tough, hard year ahead."

He hoped, but would not commit himself to, saying the results this year might match those for 1985.

Group turnover increased by 12,8 percent to a record R2,3 billion (1984 R2 billion) and trading profits also

showed a satisfactory increase of 11,38 percent to reach a figure of R141,4m (R127,1m), Mr Bloom said.

He said he believed it was a "reasonable performance" in what had been a most difficult year for South African business generally.

Because of a 67 percent increase in net interest paid of R72,2m (R43,3m) and a foreign exchange loss of R7,4m (nil), the profit before tax was down 18 percent at R101,8m (R124m).

Mr Bloom said that in spite of the "disappointing drop" in earnings, a number of positive achievements had taken place in the year.

The group budget for operating margins had been maintained at 6,1 percent (6,2 percent).

Mr Bloom said that forecasting the future earnings trend for the next financial year was "virtually impossible".

The most recent month's trading had shown that the recession was still very much with

the country and it was only when consumer confidence returned and personal consumption expenditure picked up that a return to the growth pattern of previous years could be resumed.

"Obviously a reduction in interest rates would be of material benefit to the group and indications are that rates are softening," Mr Bloom said.

The group's investment and diversification programme had paid dividends in the year and South African Breweries (in which the group holds a 36 percent interest) had turned in a "creditable performance" in spite of the fact that retail interests were badly affected by lower consumer demand and the government austerity measures. Attributable earnings were up three percent.

Other sections of the group's diversified interests had also performed well, notably CNA Gallo and the pharmaceutical division.

Plans for a major international diversification were being held in abeyance because of the weakness of the rand and that the punitive levels of interest rates made financial returns unattractive.

"The group would simply have to be patient and wait for the right proposition to present itself," Mr Bloom said — Sapa

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Meeting in bid to end bread boycott

A MEETING between the Port Elizabeth Master Bakers' Association and the executive of the East Cape African Chamber of Commerce got under way in PE this afternoon.

It is aimed at ending the four-day old African traders' bread boycott.

But it now seems

likely another bread boycott — by traders in the city's northern areas — is possible

The chairman of the Eastern Province Traders' Association, Mr Ebrahim Soomar, said it was "unfair" that the ECTA had not been invited to the discussions

As early as January

the ECTA had notified the MBA of their complaints.

Mr Soomar said canvassing of traders had shown overwhelming support for a boycott in protest at the alleged provision of stale bread to black traders and the use of unhygienic vans

He added that the basic cause of the state of

the bread industry, was a "cartel" system which had arisen since mid-1984 after the allocation by the Wheat Board of certain areas for certain bakeries

The policy had been a "total failure" and had resulted in the loss of competition vital to the retention of good quality, because each bakery

was certain of its quota

He added that there was strong evidence of black traders having bread delivered later than white traders they competed with in the Hankey/Patensie area

He said it was unfortunate that it took a boycott before the MBA would agree to discuss the issue with traders

Chain's bread

NM 23/5/85
~~plan welcome~~
says big miller

Mercury Reporter

ONE of the large flour-milling groups with interests in bakeries says it would welcome competition should major supermarket chains be allowed to bake their own Government standard-size bread

Reacting to moves by the Pick 'n Pay group who are seeking Government approval to bake the standard 900 gm loaf, a spokesman for the Tiger Oats group said 'We don't believe there should be restrictions on free competition'

Pick 'n Pay chairman Raymond Ackerman has said he was trying to arrange a meeting with Minister of Agriculture Greyling Wentzel to get the necessary approval to bake standard-size bread

Unreasonable

He said his company was seriously considering a scheme to sell cheaper bread to the public on a large scale

Mr Ackerman accused three large milling groups of making unreasonable demands on the Government, resulting in bread price increases

The Tiger Oats spokesman said the group could not comment on Mr Ackerman's allegations 'because we do not know what he is referring to when he says the three

large milling groups are making unreasonable demands on the Government'

In any event, said the spokesman, it was not clear whether Mr Ackerman's remarks were directed at them

Two other major supermarket groups, Checkers and Spar, said if they could overcome Government restrictions, they too would bake their own bread

Problems

Mr Brian Beavon, managing director of Spar, said his company's bakery licence allowed them to make only 'fancy' bread

'I believe the aim (of Government legislation) is to prevent every Tom, Dick and Harry baking standard bread as it could cause problems,' said Mr Beavon

He said his company had never applied for a licence to bake the standard bread 'You just don't get them.'

Mr Paul Fox, divisional director of Checkers in Natal, said he believed if his company were able to bake standard bread they could avoid a price increase and possibly lower it.

The three large baking companies would not comment on Mr Ackerman's plans

200/186 B. Day 73/5/87

Hyper wants to bake own bread

MAJOR supermarket chain Pick 'n Pay intends applying to the Agriculture Minister for permission to bake and sell its own bread with a view to lowering the price.

As consumers face a massive increase in the bread price Pick 'n Pay chairman Raymond Ackerman is trying to see Minister Greyling Wentzel to get the go-ahead to bake standard 900g loaves

Pick 'n Pay director Richard Cohen said yesterday "We are prevented from selling government bread because Pretoria says the price of bread is subsidised — so why should they subsidise us?"

By MAUREEN COLLIER

Government subsidises the bread price to the tune of R200m a year

Cohen said Pick 'n Pay's price would be much lower than the current selling price

If there were an increase, Cohen said, an amount had been set aside by Pick 'n Pay with which to supplement the bread price for a certain time

Two other big retailing chains, Spar and Checkers, said they would also bake their own bread if they could overcome government restrictions

186 (177) (174)

No end to PE bread boycott

E. Post 23/5/85
Post Reporter

YESTERDAY's meeting between the Port Elizabeth Master Bakers' Association and the East Cape African Chamber of Commerce failed to end the bread boycott started by ECACOC on May 18.

The boycott was called after shopkeepers claimed that some bakeries delivered stale bread to black traders and that vans were dirty.

The secretary of the MBA, Mr Max Hoppe, said today the discussions had been "fruitful".

The president of ECACOC, Mr Monwabisi Mkaza, said the meeting was "constructive". The boycott remained in full swing, however.

There was agreement reached on some issues, he said, while on others they still disagreed.

Supermarkets

'can give away bread if they like'

NM 24/5/85

186

Mercury Reporter

SUPERMARKETS can make their own bread and sell it cheaply as long as they don't bake the bread in tins, according to a Wheat Board spokesman

The spokesman also said the price of 'special' bread was not fixed, and supermarket chains were free to sell it as cheaply as they wanted to.

'They can give it away for nothing if they want to' he said reacting to statements by the Pick 'n Pay chain that it was seriously considering seeking Government approval to bake its own Government standard-size bread

He said the biggest difference between special and Government bread was that Government bread was baked in a tin

'This is to enable the consumer to know that it is a subsidised loaf'

There was nothing to prevent the supermarket chain from baking its own bread according to the Government recipe and then selling it cheaply, he said

Competition

The spokesman said no application to bake Government bread had been received from the supermarket chain, but all applications were dealt with on merit and on the demand in a particular area

'What we do is to try to eliminate excessive competition which pushes up the price of bread'

Officials have expressed disbelief that the supermarket chain could sell the Government loaf at less than the fixed price, citing a survey by the Department of Agriculture showing that the

price of bread, especially brown bread, is below cost

Mr Raymond Ackerman, chairman of the Pick 'n Pay chain, this week accused the three large milling groups of making unreasonable demands on the Government which resulted in bread price increases

Yesterday, the joint managing-director of Premier Food Industries, Mr Walter Wolthers, said because returns in the milling and baking industry were so low, it had been forced to become 'super-efficient'

Response

'Saving becomes a religion' he said, 'and South Africans are buying the cheapest bread in the world by miles'

He said it was difficult to judge what the Wheat Board's response to the

supermarket chain's moves might be, but he did not think it was a foregone conclusion that an application would be turned down

Because of delivery costs, he said, bread baked at the point of sale would yield a better return, and because of this, the Cabinet could consider a scheme whereby there was one price for Government bread that was delivered, and another price for Government bread baked at the point of sale

Millers and bakers had no say on what subsidy should be granted. This was a Cabinet decision, and the Government was severely cutting down on subsidies

He believed that criticisms of the Wheat Board over its granting of licences to bake Government bread were unjustified

AR 6115
24/5/85
186

Tearsmoke fired into union office — 22 held

Argus Bureau

PORT ELIZABETH — Police fired tearsmoke into the East London offices of the South African Allied Workers' Union and arrested 22 people, including union officials

Police liaison officer for the Border, Lieutenant Dot van der Vyver, said 19 will be charged with intimidation and three union officials with obstruction of justice

Lieutenant van der Vyver said police acted after receiving complaints that shoppers near the union offices were being prevented from buying meat

Nineteen of those arrested were former employees of the East London abattoir who were fired recently after striking, she said

She said three men locked themselves in the union offices and police fired tearsmoke through an open window to flush them out

However, the organising secretary of the union, Mr Derrick Smoko, said the 22 men were meeting in union offices when the police fired tearsmoke and baton-charged without provocation

He denied there had been any intimidation at the butcheries

But this was contradicted by butchers who said intimidation had been going on for two weeks and was related to the strike by abattoir workers

"The intimidation is being directed against any blacks who buy meat," said Mr Arthur Lock

... before acting

186

Arrests at Saawu office: 18 charged

~~SA~~ ~~27~~ ~~185~~
24/5/85
Dispatch Reporter
EAST LONDON —
Police threw tearsmoke into the East London offices of the South African Allied Workers' Union (Saawu) on Wednesday and arrested 22 people

This was confirmed yesterday by Lieutenant Dot van der Vyver, SA Police liaison officer for the Border area, who said 18 of those arrested would appear in court today charged with intimidation

Lieut Van der Vyver said police had gone to investigate a complaint by the public that people buying meat in Milner Road were being intimidated

She said police arrested some people and others ran into the Saawu offices

"The people locked the doors and the police

asked them to open. They refused and the police then threw tearsmoke in to gain entry," she said

There were no other incidents, and 22 people were arrested, she said

Mr Robert Ggweta, branch chairman of Saawu, told the Daily Dispatch's Port Elizabeth correspondent that some of the people in the Saawu offices at the time had worked at the East London abattoir before they were fired, after industrial action there, earlier this year

According to Mr Ggweta, the fired workers were attending a meeting to discuss their problems

He claimed that police had baton charged the people in the office after they had gained admission by using teargas

PREMIER

Turning the corner

(Handwritten initials)

(186)

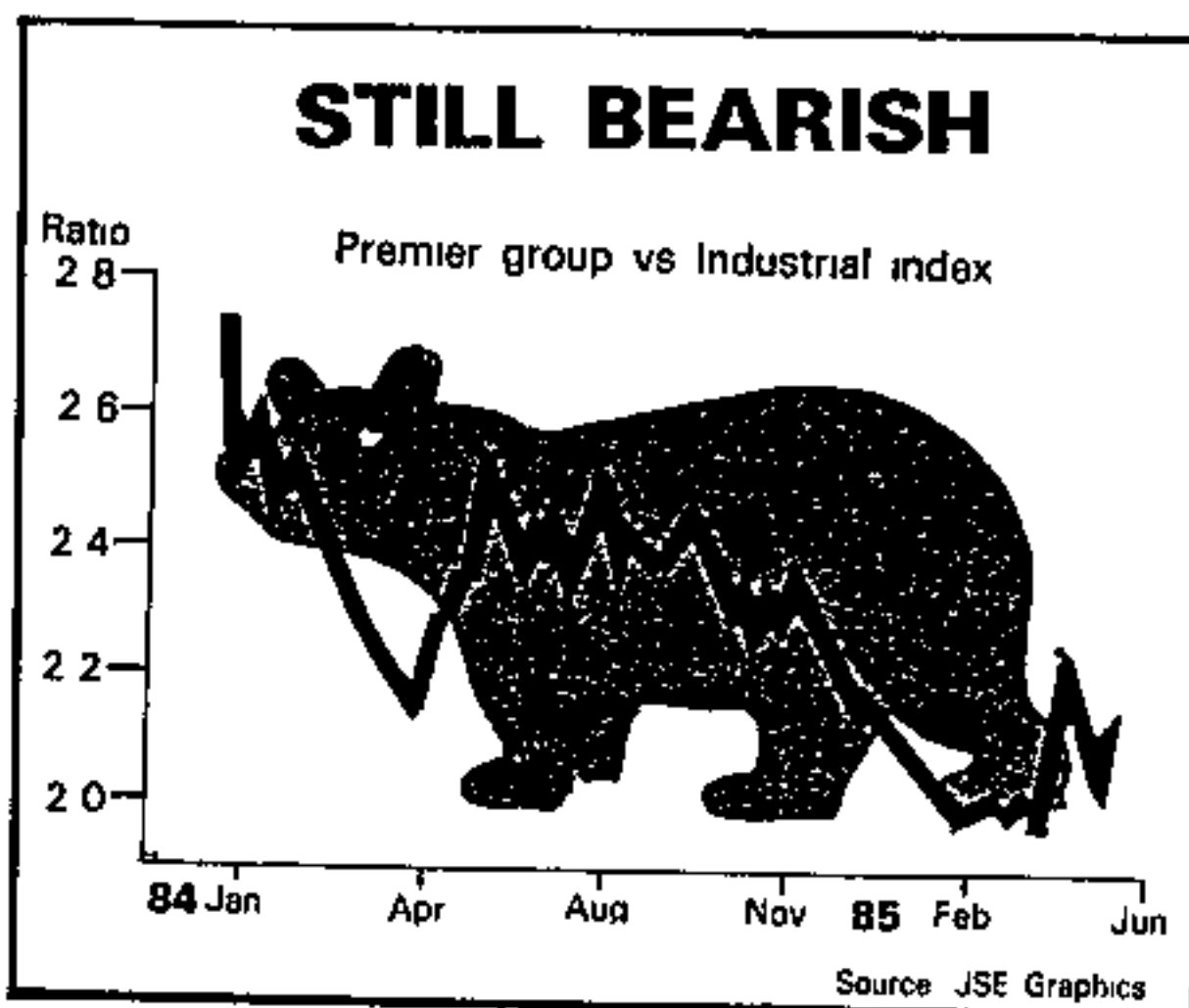
24/5/85

Premier's 21% net profit slide shows the damage done by high interest rates and forex losses, and chairman Tony Bloom spoke at length on these failings at Tuesday's press conference. But the attributable profit fall should not divert attention from Premier's strengths.

For one thing, operating margins were basically held — despite drought and the savage recession — and sidled down from 6,2% to just 6,1% in the year to end-March. Tiger's operating margins fell from 6,6% to 5,4% at its end-March interim (although Fedfood, which released its year-end results on the same day as Premier, boosted its margins from 7,6% to 8,1%). But Premier's figures suggest that the group has jacked up management and surmounted the worst.

The second half was marginally better than the first. Bloom ascribes this to the

to reinstate the established procedures for calculating millers' and bakers' margins should boost this year's profit (Government's refusal to follow these parameters in 1984 lost Premier some R9m in revenue)



of course, make Premier's life immeasurably easier. But Tiger has still to invest its money, and Bloom certainly scores in having already positioned Premier to capitalise on a future economic upswing.

Debt is not a serious problem, since the debt equity ratio is only 0,3. Coupled with a rights issue (which at some point in the not-far-distant future could be mandatory, considering the scrip shortage), Premier should be favourably placed for more expansion. It is freed of the obstacles that bind Tiger from buying abroad (this conflicts with parent Barlow Rand's ambitions), but offshore diversification is not on the cards at present. Bloom notes that poor exchange rates apart, the adverse political climate makes foreign companies chary of being associated with an SA business.

Still, there is evidence to suggest that Premier could become a more attractive long-term investment than Tiger. The share has risen to a 1985 high of R21, and yields 4,1% on an unchanged 86c dividend (the average food sector yield is 5,4%), but it has not broken the bearish trend of the last 18 months. A take-off in the share price may not be at hand, but Premier merits attention on account of its excellent long-term strength.

Christopher Marchand



Premier's Bloom ... working capital pruned

successful pruning of working capital by R100m and a turnaround in the loss-ridden poultry division. Poultry has still to earn an adequate return on capital, but its losses in the year to end-March were cut by more than half to some R4m, and the division has now moved into the black.

Bloom, without being precise, notes factors which should lead to an earnings improvement this year. Every 1% interest rate fall adds R3m to Premier's earnings, and with rates at last clambering closer to earth, some relief from the interest burden can be forecast.

Government's decision at the start of May

Poultry should contribute to profit in 1985, and maize sales look set to rise, partly as a result of the switch back to white maize, and as a kickback from last year's 10% fall.

Longer term, it is apparent that Premier's diversified interests give it sound strength. Apart from food, the 36% stake in SA Breweries has protected Premier's earnings this recession, and will enable it to participate in explosive consumer spending growth when good times return. CNA/Gallo has turned in a good performance, and Ovenstone Investments has coped with the recession probably better than the market expected.

A R210m cashpile such as Tiger's would,

More traders join bread boycott

By KIN BENTLEY

THE bread boycott by African traders which started a week ago is to be supported by traders in Port Elizabeth's northern areas

The secretary of the East Cape Traders' Association, Mr Younus Amod, said the boycott would start soon and be done "without notice"

Attempts this week to resolve the African boycott, organised by the Eastern Cape African Chamber of Commerce, failed

Mr Amod said the boycott had arisen as a result of "pressure from the traders and the public"

Among reasons he gave for the boycott were

- Badly baked, burnt, mouldy and damaged bread was delivered to black areas
- Stale cakes and pies supplied to black areas often carried the price stickers of white chain stores
- A certain bakery, which was the sole supplier to a particular area, had issued instructions to its staff to supply white

shops first although black shops were open earlier

- Vehicles delivering bread to white areas were loaded and despatched first and, as a result, there were many late deliveries of bread in black areas
- Vehicles used for delivery in black areas were dirty and unhygienic
- Bread was distributed to black areas in dirty cardboard boxes and baskets
- Delivery staff were not issued clean overalls regularly

● Bread was handled unhygienically, creating a definite health hazard

- Bakers had refused to supply sliced bread to shops

He said for the past three months the ECTA had negotiated with the Master Bakers' Association about its grievances

"Despite a lot of promises, nothing has been done to rectify the problems

"We feel very strongly that our people should not be treated as second-rate citizens" Mr Amod said

Cheap bread can't be baked in tins says Wheat Board

DURBAN — Supermarkets may bake their own bread and sell it cheaply as long as they don't bake the bread in tins, according to a Wheat Board spokesman

The spokesman also said the price of "special" bread was not fixed, and supermarket chains were free to sell it as cheaply as they wanted to

"They can give it away for nothing if they want to," the spokesman said

He said the biggest difference between special and government bread was that government bread was baked in a tin

"This is to enable the consumer to know that it is a subsidised loaf"

There was nothing to prevent a supermarket chain from baking its own bread according to the government recipe and then selling it cheaply, as long as it was not baked in a tin, he said

The spokesman said no application to bake government bread had been received from any supermarket chain, but all applications were dealt with

on merit and on the demand in a particular area

"What we do is to try to eliminate excessive competition, which pushes up the price of bread"

Officials have expressed disbelief that a supermarket could sell the government loaf at less than the fixed price, citing a survey by the Department of Agriculture showing that the price of bread, especially brown bread, is below cost

Mr Raymond Ackerman, chairman of the Pick 'n Pay chain, this week accused the three large milling groups of making unreasonable demands on the government which resulted in bread price increases. His organisation is considering seeking permission to bake government standard-size bread

The joint managing-director of Premier Food Industries, Mr Walter Wolthers, said because returns in the milling and baking industry were so low, it had been forced to become "super-efficient"

"Saving becomes a

religion" he said and South Africans are buying the cheapest bread in the world by miles

He said it was difficult to judge what the Wheat Board's response to the supermarket chain's moves might be, but he did not think it was a foregone conclusion that an application would be turned down

Because of delivery costs bread baked at the point of sale would yield a better return, and because of this, the cabinet could consider a scheme whereby there was one price for government bread that was delivered, and another price for government bread baked at the point of sale

Millers and bakers had no say on what subsidy should be granted. This was a cabinet decision, and the government was severely cutting down on subsidies

He believed that criticisms of the Wheat Board over its granting of licences to bake government bread were unjustified

(186)
Milling
E. Post
25/5/85
plant
project

THE second phase of a R20-million milling plant under construction in Port Elizabeth's Deal Party is underway and the new 60,000-ton a year flour-milling and packaging plant is due to be commissioned in October this year.

Built by Sasko (the SA Central Co-operative Grain Co Ltd), the mill and associated 18 000-ton silo store — erected in the first phase of the expansion two years ago — will double the output of the company's existing mill in North End. Once the commissioning process is completed, the old mill, bound by Hancock, Swartkops, Drury and Brasel Streets, will be sold.

Wheat, from throughout the Eastern and SW Cape is railed to the new Sasko silo store and gravity fed into the 15 silos, each with a capacity of 1 200 tons by a system of conveyors and hoppers. Until the new milling plant is commissioned, the wheat will still be milled at North End and then returned to the new packaging plant.

The first phase of the Sasko expansion involved the construction of the silos and the shell of a new milling plant and administrative block. This cost some R10 million.

The R10 million second phase involves commissioning the new mill and fitting out the new administrative block and packaging plant.

~~185~~ ~~184~~ (186)
**Intimidation case
postponed**

D. Diefu
25/5/85

EAST LONDON — Nineteen people who were arrested at the South African Allied Workers' Union offices here on Wednesday appeared briefly in the magistrate's court in connection with intimidation, alternatively public violence

They were Sebenzile Bani, Mpathi Goniwe, Ngenisile Manganya, Kwatile Doda, David Zimela, Nkosinathi Dumela, Lulamile Shwane, Ndoyisile Ncapayi, Mnikeli Kundulu, Heyiya Mata, Mantini Litye, Katsekile Philani, Simpiwe Ncamazana, Tembinkosi Makonco, Joseph Maphasa, Zibekile Botha, Cuthbert Nongogo, Kwatamile Nyisile, Bengu Somoyala

The case was postponed to June 21, and bail of R100 each was granted

The magistrate was Mr W Opperman and Mrs H Niemand appeared for the State — DDR

Bread

boycott:

claims

differ

Post Reporter
CONFLICTING claims on the effectiveness of the bread boycott by Port Elizabeth's northern areas traders have been made

The boycott by the traders follows a nine-day-old boycott by traders in PE's black townships

The African bread boycott is still continuing

The boycott launched by coloured and Indian shopkeepers in PE and Uitehage today was "an absolute flop", according to the owner of a takeaway shop in Korsten, Mr Essop Ahmed

He said there were only a "handful" of traders not selling bread in the area and where these shops were losing sales others were selling more bread than ever

However, the chairman of the organisers, East Cape Traders' Association (ECTA), Mr Ebrahim Soomar, said 95% of traders were not selling bread

He said "I spent the morning visiting shops and cafes and was delighted to find that the boycott has been an even greater success than I had initially anticipated"

He stressed that the boycott was "in the interests of the community — to improve the conditions

under which bread is delivered"

Mr Soomar said that the boycott would only come to an end once "guarantees" could be given by the Port Elizabeth Master Bakers Association concerning their grievances — not just promises

The vice-chairman of ECTA, Mr Shun Pillay, said there were traders opposed to the boycott who were trying to discredit the association by phoning false information into the newspapers

The president of the Eastern Cape African Chamber of Commerce, Mr Monwanbisi Mkaza, said a total boycott of bread by traders in the African townships was continuing

He said a meeting was to be held with the Eastern Cape African Chamber of Commerce this week to discuss the boycott

"The community have taken it upon themselves to support the boycott entirely and feel that they should not eat bread," he said

"Everyone has the misconception that bread is our staple diet, which is incorrect. People are simply eating other food. Those wanting bread are baking their own"

Fiske has a great deal of crust, says Wheat Board manager

AMC Times 28/5/85

186 2044

From Wheat Board general manager Mr D F van Aarde

I would like to make the following comments in response to last week's article in WATCHDOG under the heading "Monopoly Profits How The Big Boys Make Heavy Dough"

It amazes me that you refer to Mr Fiske as an agricultural economist and an expert on certain boards. Having attended an agricultural college for a few years is certainly no qualification to be crowned with the title of economist.

I also doubt whether Mr Fiske can be considered to be an expert on any of the boards mentioned in the article. He is certainly no expert on the Wheat Board.

I am completely unable to recall ever having read such a conglomerated jumble of concentrated piffle as the comments by Mr Fiske. His statement that he finds it quite incredible that neither the government nor the opposition can see where the big feed companies "get their strength from" etc implies that only he is endowed with the heavenly knowledge and insight in these matters.

The Wheat Board's policy of restrictive regulation has brought order out of chaos in both the milling and baking industries and has contributed towards keeping the price of bread at

The doughmakers

THE story so far: last week WATCHDOG gave figures which showed that bread price increases have consistently exceeded the annual rate of inflation for most of the past decade.

Premier Milling, one of the big milling and baking groups, replied with figures which showed they were almost in the poorhouse. Symond Fiske, a Maritzburg-based agricultural economist, asked them to pull the other leg and claimed Wheat Board controls were featherbedding the industry. Now read on...

merge and to rationalise their operations.

To illustrate this point I wish to submit the following in South Africa 94 percent of the milling industry is controlled by five milling groups and 84 percent of the baking industry is controlled by five baking groups. Twenty-two small mills fall outside the control of these five milling groups and 140 bakeries fall outside the control of the five major baking groups.

There are also 1 500 independent confectionery bakeries in this country. In Canada, with a population of 25 million, 71 percent of the milling industry is controlled by three milling groups. In the US, with a population of 236 million, 92 percent of the milling industry is controlled by 10

the granting of such application. The baking capacity in this country is at present far in excess of its requirements.

Due to the low profit margins in this industry, bakers have in some cases been forced to withdraw from certain delivery routes. One of the major functions of the Wheat Board is to keep costs in the two industries as low as possible.

The board has certainly achieved this if one only looks at the total cost of manufacture of a loaf of bread which, together with delivery costs and the retail margin but excluding the cost of meal or flour, constitutes only 62 percent of the unsubsidized price of bread.

Compare this with a corresponding figure of 92 percent in the USA, then the Wheat Board certainly earns a pat on the back, taking into account that the total administrative cost of the Wheat Board represents only 0,4c per loaf.

It will, however, cost Mr Fiske at least R20 million to erect a medium-sized mill capable of milling 15 tons of wheat per hour. He will require a further R14 million for working capital. Mr Fiske's statement that monopoly profits are made by all bakers and

It is estimated that it would cost at least R2 million to erect a bakery which can produce 418 000 loaves of standard bread per month — the minimum size for a viable bread bakery.

This does not provide for working capital and the cost of delivery vehicles.

As Mr Fiske should be aware, the government pays a consumer subsidy on standard white, brown and wholewheat bread. The Wheat Board merely administers the payment of the subsidy to bakers.

Anyone who is of the opinion that a consumer subsidy paid on a product whose price is not controlled, such as special bread and super bread, will still find its way into the pockets of the consumer is living in a fool's paradise.

To protect the consumer, grading regulations are in force with which the baker and miller must comply. Similar regulations are also in force in many countries.

• A man does not need a university doctorate or a pension from the Wheat Board to recognise economic privilege when he sees it.
• The price of bread in a person's country of birth does not interfere with his ability to think logically 40 years later. Working too long in a superfluous bureaucracy is apparently more dangerous.

such as the UK, Australia, the EEC and the USA.

Within the constraints placed on bread in South Africa with regard to price, flour extraction rates and profit margins, the quality of standard bread, value for price, compares very favourably with that in other countries.

Mr Fiske is described as an expert in many fields but I doubt whether he has a better knowledge of bread quality than the technical officials of the Wheat Board who have been trained at university level (not at an agricultural college) and in overseas cereal institutes and who are certainly better qualified to express an expert and unbiased opinion on bread quality.

Mr Fiske would be well-advised to express his views on subjects, if any, on which he may be qualified to air his opinions rather than on those on which he is quite clearly an ignoramus.

ready has all the necessary equipment in the kitchen. We are, however, forbidden from buying wheat from our farmer friends and forbidden to sell bread from our own kitchen.
• In the unlikely event of anyone like us ever applying for or being granted an appropriate licence by Mr van Aarde we would be plagued con-

... and Fiske says board a bungle

If amazes me that you refer to Mr Fiske as an agricultural economist and an expert on certain boards Having attended an agricultural college for a few years is certainly no qualification to be crowned with the title of economist

I also doubt whether Mr Fiske can be considered to be an expert on any of the boards mentioned in the article He is certainly no expert on the Wheat Board

I am completely unable to recall ever having read such a conglomerate of concentrated piffle as the comments by Mr Fiske His statement that he finds it quite incredible that neither the government nor the opposition can see where the big feed companies "get their strength from" etc implies that only he is endowed with the heavenly knowledge and insight in these matters

The Wheat Board's policy of restrictive registration has brought order out of chaos in both the milling and baking industries and has contributed towards keeping the price of bread at an exceptionally low level Mr Fiske is undoubtedly well qualified to tell us what the price of bread is in his country of birth, but why does he not do so?

Mr Fiske refers to monopolies and protectionism in the two industries He seems to be totally ignorant of what is happening in similar industries overseas As a so-called economist, Mr Fiske should be well aware of the fact that in most major Western countries with a free enterprise economy there is a natural tendency for capital intensive industries to

Premier Milling, one of the big milling and baking groups, replied with figures which showed they were almost in the poorhouse. Symond Fiske, a Maritzburg-based agricultural economist, asked them to pull the other leg and claimed Wheat Board controls were featherbedding the industry. Now read on...

merge and to rationalise their operations To illustrate this point I wish to submit the following in South Africa 94 percent of the milling industry is controlled by five milling groups and 84 percent of the baking industry is controlled by five baking groups Twenty-two small mills fall outside the control of these five milling groups and 140 bakeries fall outside the control of the five major baking groups

There are also 1 500 independent confectionery bakeries in this country In Canada, with a population of 25 million, 71 percent of the milling industry is controlled by three milling groups In the US, with a population of 236 million, 92 percent of the milling industry is controlled by 10 milling groups In Australia, with a population of 15 million, 80 percent of the milling industry is controlled by five milling groups In the United Kingdom, with a population of 56 million, 80 percent of the milling industry is controlled by five milling groups and 56 percent of the baking industry is controlled by two baking groups

Mr Fiske blames the oligopolistic tendencies in the two industries in South Africa on the restrictive registration policy of the Wheat Board How does he ex-

plan similar tendencies in all of the Western countries mentioned above? Or is the South African Wheat Board's policy also to blame for this? The Wheat Board would welcome any new entrant into the milling industry If Mr Fiske or any of his friends should be interested in sharing in the so-called monopolistic profits of the milling industry, they can be assured of immediately being granted registration

cases seem forced, withdrawal from certain delivery routes One of the major functions of the Wheat Board is to keep costs in the two industries as low as possible The board has certainly achieved this if one only looks at the total cost of manufacture of a loaf of bread which, together with delivery costs and the retail margin but excluding the cost of meal or flour, constitutes only 62 percent of the unsubsidized price of bread

Compare this with a corresponding figure of 92 percent in the USA, then the Wheat Board certainly earns a pat on the back, taking into account that the total administrative cost of the Wheat Board represents only 0,4c per loaf

... and Fiske says board a bungle

- A man does not need a university doctorate or a pension from the Wheat Board to recognise economic privilege when he sees it.
- The price of bread in a person's country of birth does not interfere with his ability to think logically 40 years later. Working too long in a superfluous bureaucracy is apparently more dangerous.
- What is happening or has happened in Canada, Australia and the United Kingdom is and can be no excuse for the perpetration of injustices here.
- As it happens the governments of each of those countries have a similar history to ours of meddling in the wheat and bread industries at the best of co-operatives, big business and some rather muddled graduates of economics. It is not entirely coincidental that similar results have been engendered wherever this has happened.
- If South Africa had a free market and I wanted to mill some wheat or bake some bread, I would not have to invest anything like R34 million. My wife has just confirmed that she al-

bread, value for price, compares very favourably with that in other countries

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Mr Fiske would be well-advised to express his views on subjects, if any, on which he may be qualified to air his opinions rather than on those on which he is quite clearly an ignoramus

To protect the consumer, grading regulations are in force with which the baker and miller must comply Similar regulations are also in force in many countries

Anyone who is of the opinion that a consumer subsidy paid on a product whose price is not controlled, such as special bread and super bread, will still find its way into the pockets of the consumer is living in a fool's paradise

Furthermore, we would have to compete (without subsidies) against the five large concerns Mr van Aarde mentions (all of which are subsidized by him and several of which enjoy representation on the Wheat Board which pays him to annoy us and write insulting letters about us) In common with every reader of the Cape Times I am quite capable of using my own taste buds to determine the quality of bread All I demand is the right to choose my own baker I can only feel sorry for people like Mr van Aarde who are daft enough to believe that they need a team of overseas-trained post-graduates to do it for them

E. Post (186)
Bread
hawked
29/5/85
to beat
boycott
— claim

Post Reporter

ALLEGATIONS of bread being hawked in Port Elizabeth's northern suburbs, where a bread boycott is in force, are being investigated

The alleged illegal hawking of bread from bakers' vans has evoked a strong response from the East Cape Traders Association, which supports the boycott

Its secretary, Mr Younus Amod, said instead of addressing the problems relating to the boycott, certain bakeries in PE were resorting to hawking

Mr Amod, confirmed that he had informed the City Licensing Officer, Mr T Eksteen, of the alleged hawking.

A spokesman for PE's Health Department, said the matter was "receiving the necessary attention"

He said in terms of the bakers' licences they were not allowed to sell from their vans, except to licenced shops

The spokesman added that no baker in PE had a hawker's licence nor had any applied for one

The secretary of the Master Bakers Association, Mr Max Hoppe, said he would not like to comment beyond saying that it was possible for bakers to get hawkers licences

The general manager of the Wheat Control Board, Mr Dennis van Aarde, said from Pretoria that in terms of the board's regulations, bakers did not need the board's permission to hawk

Bread ~~254~~ (186) cost up S. Post 200% 30/5/85 in five years

By KIN BENTLEY

SINCE January, 1980 — just over five years ago — the price of brown bread has gone up by 200%.

The price of white bread has risen by 170% over the same period

Yesterday the Minister of Agricultural Economics, Mr Greyling Wentzel, announced that on Saturday the price of white bread would increase from 60c to 65c a loaf and brown bread from 40c to 45c a loaf

In January, 1980, brown bread cost 15c a loaf White bread cost 24c.

By September, 1982, brown bread had risen to 35c a loaf and white bread to 53c

All prices exclude general sales tax which does not apply to bread

The vice-chairman of the Eastern Cape Traders' Association, Mr Shun Pillay, said he was very sad about the price increase, "particularly when you think of the plight of the average man in the street"

He said the Government appeared to be "out of contact with the realities of the problems of the ordinary man, irrespective of colour"

The president of the East Cape African Chamber of Commerce, Mr Monwabisi Mkaza, said the timing of the increase was bad

"We are in a recession Wages aren't going up The Government should have done better than that," he said

Mr Mkaza added that many people might be forced to bake their own bread in future

The cost of two weeks' supply of flour was about R9 while a family which ate four loaves a day would spend R12,60 a week on brown bread

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ARGUS 30/5/85

186

Fears of further bread shock

Staff Reporter

SUPERMARKET bosses, critical of the bread-price rise, believe the Government is planning another major increase in October

They have criticised the "ill-timed" action and have urged the Minister of Agriculture, Mr Greyling Wentzel, not to consider another rise in October

Spokesmen for supermarkets, which say they will try to hold down the increase as long as possible, said pointers by the Government led them to believe that the new 5c increase on white and brown bread was an interim move and that the big shock would hit consumers in October.

They all warned that the increase in price of a basic food would have a devastating effect on the unemployed and poor of the country — an effect which could lead to further unrest

All major store spokesmen said they welcomed the inquiry which is to be set up to investigate bread subsidies and said they would take part fully in a bid to protect consumers

Pick'n'Pay announced that it would keep bread prices as they were for the next three months at a cost to the company of about R500 000

Checkers will increase the cost of white bread but would keep selling brown bread at cost for the foreseeable future

Mr Wellwood Basson of Shoprite, which has given 5 000 loaves to the Peninsula School Feeding Association, said his stores would continue to sell both breads at cost as long as they could afford it

● The Consumer Council has expressed appreciation for Mr Wentzel — "on behalf of all consumers of South Africa" — that the increase was limited to 5c a loaf

"In view of the economic climate and the circumstances prevailing in the wheat industry, an increase in the bread price was expected," said council chairman Professor Leon Weyers

● The retail price of milk at cafés is increasing at an "alarming and unacceptable" rate, the Consumer Council has said in a warning against price exploitation

The producer price of fresh milk will increase by 3,4c a litre from June 1

Council director Mr Jan Cronje said that "according to information available" retail milk prices at cafés had escalated by as much as 9c a litre

Bread price may rise again

186 R. Derry
31/5/85
By GERALD REILLY

ANOTHER bread price increase around the start of the new wheat season in October appears certain

In Pretoria yesterday, Wheat Board GM Dennis van Aarde said the board would meet producers in Paarl on June 19 to review production cost increases for the current season. The producer price recommendation for the new season would be studied by the board at its meeting in Pretoria on July 24.

The board's own recommendation to the National Marketing Council would be made soon after. Van Aarde said farmers had to contend with recent fuel, fertiliser and machinery price increases and a price hike would therefore be justified. He also said that the wheat price was raised from R275 a ton to R299 for the 1984/85 season.

Last season, farmers had been refused an increase, he said.

Factors other than the wheat price, including the margins of millers and bakers, the state of the economy and the impact on consumers, will be taken into account when the decision on another bread price hike is made.

Another factor is the report of the commission appointed by Agricultural Minister Greyling Wentzel to investigate the bread subsidy system. It has been instructed to submit its report before the start of the new season.

The commission's main task, Van Aarde said, would be to find out whether the target of the subsidies — the lower income groups — were getting the full benefit. If not, the commission would recommend other ways of ensuring that they did.

Appetite cost him his life

C. Press 2/6/85 By BENITO PHILLIPS

AN MDANTSANE man was allegedly stabbed to death for not heeding a call by abattoir workers to boycott the sale of red meat.

Mpilo Gwadana, 32, was allegedly confronted by three men when he came out of a zone 9 butchery.

According to his relatives, the men asked him why he had bought meat despite the boycott

He was allegedly stabbed before he could reply, and staggered to a nearby clinic, where he collapsed and died.

Another man was allegedly forced to eat the raw meat he had bought at knife-point

Some of the attackers allegedly ran in the direction of the SA Allied Workers' Union offices

Saawu officials denied that their members were involved, but police teargassed their offices and arrested 19

Man stabbed to death for buying meat

members

They briefly appeared in the East London Magistrate's Court this week, charged with "intimidation" or alternatively public violence

They were granted

R100 bail each and the case was postponed to June 21.

"This action is intended to weaken the workers' militancy and we are now calling on all progressive organisations to pledge solidarity with us," a Saawu statement said

An Mdantsane Rugby Union meeting this week approved in principle a call by Saawu that its members support the red meat boycott — sparked off by the dismissal of 150 abattoir workers early this month.

But the union rejected violence as a means to enforce the boycott.

Vultures Rugby Club delegate John Mngeni said he was forced to throw away meat worth

PE bread
boycott
to end?

Post Reporter

THE 16-day-old bread boycott in Port Elizabeth's black townships appears to be nearing an end

The organisers of the boycott, the Eastern Cape African Chamber of Commerce, are due to meet the PE Master Bakers' Association on Wednesday in an effort to settle their differences

● Bread was being sold by traders in PE's northern areas today, the secretary of the East Cape Traders' Association, Mr Younus Amod, said

This follows a week-long boycott in the northern areas

Survey: more bread eaten

186

~~201~~

Dispatch Reporter
EAST LONDON — A noted increase in bread consumption among all households presented "frightening statistics" in view of the recent increase in bread prices and the prospect of further increases, the director of Research Surveys, Mr Henry Barenblatt, said.

There could be cause only for "disquiet and discontent," he said

The latest poll conducted by the company revealed bread consumption was up five per cent for white households and up 10 per cent for blacks compared with four years ago

Mr Barenblatt said any increase in excess of three per cent was significant

"There is no other staple food households can buy in that price bracket, resulting in a devaluation in the quality

of lifestyle," he said

Milk consumption, another staple food affected by a price increase, had gone up by three per cent in black households. However, in white households, consumption had dropped 11 per cent

There has been a 12 per cent increase in gravy consumption among black families. "This is stark evidence of how they are having to fall back on basic means to provide nourishing meals," Mr Barenblatt said

Egg consumption was up five per cent among blacks and was still the cheapest source of high protein

Rice had increased nine per cent since 1981 for black homes, while the survey also found that rice was becoming a major alternative to maize

In all households, baby food consumption had remained steady or increased. "This suggests that wherever sacrifices have to be made, baby is not going to suffer," he said

Items which showed a decrease in consumption among black households included beef, margarine and butter, poultry, takeaways for home consumption, chocolate and sweets.

Fruit consumption among all groups had dropped back to 1981 levels, the survey reported

"White South Africa has also said goodbye to the traditional breakfast," Mr Barenblatt said. He said the survey suggested that with more wives working, foods which required preparation, such as porridge, had given way to such ready-to-eat products as breakfast cereals

Dairy firm in court bid to save jobs of 300

Finance Reporter

CREAMLINE Dairies are to embark on a major restructuring this week in an attempt to avoid insolvency and save the jobs of more than 1 300 employees

The move is to be made in the Durban Supreme Court today in the form of an application for provisional liquidation of two of the companies in the Creamline Dairy Group

The two companies are Creamline Dairies and Creamline Natal Melkery

There is also a probability that through the restructuring, other Creamline companies could also go into liquidation

Mr T L Reynecke, chairman and managing director of the company, said yesterday that the main reasons for the company's unsatisfactory financial position were the high levels of borrowing coupled with crippling interest rates.

The group is faced with liabilities of about R20 million, excluding contingent liabilities, and the book value of its assets is about R11 million

However, the company has stated that it will continue to deliver milk to clients' homes, to cafes and retail outlets, as well as honouring coupons while in liquidation.

'This we believe is imperative, because the supply of milk to the consumer must not be interrupted, and our creditors are being asked to support this move,' he said

The major creditors are the Milk Board, Volkskas Bank, various packaging companies and the shareholders

The restructuring, if successful, would avoid any staff retrenchments in the foreseeable future, Mr Reynecke said yesterday

A consortium of Natal businessmen and farmers with considerable experience in the dairy industry has for the past four weeks been investigating the affairs of the company

One of its members, Mr Russell Stevens, said yesterday that he was confident they had the expertise and financial support to assist in solving the company's problems subject to the finalisation of the investigation

'Support of creditors'

Creditors are to be asked to consider an offer of compromise, the details of which will be determined within the next six to eight weeks. During this time the company will trade on a cash basis

Mr Stevens said the reconstruction move had the support of the major creditors, including bankers, and I believe that under a revised directorate and financial structure, Creamline Dairies could become viable and have a long-term future'

Company spokesmen made it clear that no milk producer would be affected by the liquidation of the firm, as they were paid by the Milk Board and not Creamline

Part of a national group, Creamline has dairies in Natal at Pinetown and near Pietermaritzburg, and at Vereeniging, Nelspruit, Pietersburg and Sasolburg in the Transvaal. It also has distribution depots at Newcastle, Tzaneen and Louis Trichardt

In the Durban and Pietermaritzburg areas, the company is responsible for about 43 percent of all milk and

a significant percentage of milk by-products sales and should it cease trading there would be considerable disruption to both consumers and farmers

Yesterday Mr Eric Hornby manager of Clover Dairies in Natal — Creamline's closest competitors in the area — said he was always concerned to hear of 'anyone going under' and more so with Creamline

'We are most concerned to hear that that this has happened, and sincerely hope it can be sorted out'

Reacting to a question on how consumers would be affected in terms of the zoning agreement — which delineates milk distribution into two distinctive areas divided between the two companies — if Creamline folded, Mr Hornby said Clover would be able to handle the situation 'under pressure' if need be

'The time has come for zoning to be re-examined. We believe it is not needed anymore and should be done away with, and have been working towards that'

According to Mr Hornby, if the worst came to the worst, the consumer would be looked after, 'even if we have to break a gut in the short term'

Mr Stevens said that if Creamline did become insolvent, it would have a major effect on consumers by disrupting their distribution patterns, and also have social implications on the black population, which used milk as their main source of protein

Mr Stevens said the misfortunes of the company had really begun four years ago — shortly after Creamline had acquired a number of companies — when the chairman and four other top management personnel were killed in an air crash near Parys

'New leadership had to be found and in hindsight it appears mistakes were made'

He said that since then some of their Transvaal operations had recorded losses and although they had been absorbed, the losses had eroded the equity base of the company

Unions and management share provident fund power

Business Day Reporter

CG SMITH Sugar has established a company provident fund with control shared jointly between the company and representatives from four unions

According to consultants Price Forbes this is the first fund to operate on such a power-sharing basis

Unions represented on the fund — an alternative to the existing company pension fund — are the National Sugar and Refining and Allied Industries Employees Union, the Sweet, Food and Allied Workers Union, the Chemical Workers Industrial Union and the Natal Sugar Industry Employees Union

The eight trustees of the fund will be advised by their representatives on the management committee. The chairmanship of the trustees will rotate annually between the company and the union representatives

Decisions by these trustees must be on a consensus basis. In the event of a dispute the appointed actuary will arbitrate

"We considered this shift of the balance of power from the company management alone to sharing with a third party, and we felt quite relaxed about the concept," said Smith's personnel di-

rector Barrie Horlock — also trustee's chairman for 1985

"The unions have felt in the past, although they have not said it, that they were in a weak position because the management had all the information on the fund. This gives them more access to that information

"The direction is that the employees have control of their own fund, with independent advice from the actuary. We foresee no problem"

The union motivation is also prompted by the dissatisfaction employees felt in 1981 when preservation of pensions was proposed. This led to mass resignations from pension funds, and cost industrialists time lost in strikes

"The advantage now is that the employees have control of a fund which can supply them with either a pension or cash for use as bridging finance in the event of their becoming redundant," said Horlock.

Other industries are understood to be negotiating similar schemes on provident funds, but none have yet been formed



CAT Twp 20/6/85 (86) ~~Print~~

Bread subsidy probe

PRETORIA. — The Minister of Agricultural Economics and of Water Affairs, Mr Greyling Wentzel, yesterday announced the appointment of a commission of inquiry by the State President, Mr P W Botha, into the government's bread subsidy scheme

Mr F J Davin will chair the commission. Particular reference will be given to the "justification of the scheme"

The commission will also report on the nature and extent of the subsidy, sources from which it should be financed and the method of application of the scheme to ensure the most effective use of the subsidy to the advantage of less privileged consumers.

The commission is to report back by September 15

Other members of the commission are Mr Raymond Ackerman and Dr W W Anderson

Those wishing to submit evidence to the commission should contact the secretary of the commission, Mr S C H Alberts, of the Department of Agricultural Economics and Marketing, at (012) 206-3155 or Private Bag X250, Pretoria 0001, before July 31 — Sapa

PE Abattoir workers strike

Post By CATHY SCHNELL 2/16/85

THE entire work force at the Port Elizabeth Abattoir went out on strike today, resulting in a halt to meat deliveries to butcheries in the city.

The acting managing director of the abattoir, Mr. Russel Singleton, confirmed this today.

He declined to comment on why the 300 workers had gone on strike and said that management was trying to resolve the dispute.

He said he expected the strike to end tomorrow. Butchers have had to cope without meat supplies today.

Abattoir strike ends, meat supply resumed

Post
25/6/85
186

Post Reporter

THE strike at the Port Elizabeth abattoir is over and normal meat supplies to butcheries and supermarkets will be resumed today.

Mr Russel Singleton, acting managing director of the abattoir, said the strike had been resolved early today and by 9am all employees had resumed work.

Yesterday, the entire workforce of about 350 people walked out after an altercation between two employees.

Mr Andre Fourie, development manager at the abattoir, said the incident had not been of a racial nature.

He added that the strike need never have happened and that the disagreement had been solved without anyone being dismissed.

Mr Fourie said there was no danger that PE would have been without meat as 50 slaughtermen from all over the country had been flown in last night as a precautionary measure in case the strike was not resolved today.

However, the strike had been resolved so quickly that it had not been necessary to use the slaughtermen. They would return home today.

He said this back-up measure was always used as the company was dealing with livestock which could not be left in the yard waiting to be slaughtered.

500 job loss forecast with factory closure

186 NM 26/6/85

Labour Reporter

THE shock closure of one of the oldest established factories in Dundee, Royal Beech-Nut (Pty) Ltd, will affect about 600 workers — the majority of whom will be left without jobs.

The sweet factory is moving to its headquarters at Chloorkop in the Transvaal as part of the company's plans to rationalise its operations.

Although a number of key personnel will be transferred to the new plant, at least 500 workers, mainly blacks, will be out of work when the

plant shuts early next year.

The announcement has shocked workers and residents in the Northern Natal town. The factory, which is situated almost at the entrance to the town, has been a landmark for more than 35 years.

Mr A C Percy, manager at the Dundee plant, could not be reached for comment yesterday, but in a Press statement, he said it was with regret that the company announced the plant's closure.

The manufacturing op-

erations will be relocated at Chloorkop and transfer of the operations will start at the end of August and continue through May next year.

The decision to relocate the plant was based on several factors, the most significant being the rationalisation of the company's overall business in South Africa, he said.

The factory makes sweets and other confectionery. The closure is likely to hit local businesses in Dundee which depended on the labour force for their clientele.

PE abattoir strike settled — 50 butchers go home

Dispatch Correspondent
PORT ELIZABETH —
About 350 workers at the
abattoir here ended
their one-day strike
yesterday morning after
amicable consulta-
tions," according to the
development manager of
the Pretoria-based
South African Abattoir
Corporation, Mr Andre
Fourie

He said 50 butchers
from Johannesburg, Pre-
toria and Krugersdorp,
who were flown to Port
Elizabeth as a pre-
cautionary measure, re-
turned home yesterday.

Mr Fourie said the
strike arose after a "dif-
ference of opinion be-
tween two employees."
Responding to a report
quoting a local butcher
who said the dispute
had arisen from an
altercation between an
African and a white em-
ployee on Friday, after
the African dropped a
carcass, Mr Fourie said
it was impossible for one
person to carry a car-
cass.

"Carcasses do drop
from overhead rollings
from time to time, but an
employee cannot actual-
ly drop a carcass."
Mr Fourie said an em-
ployee had been fired on
Friday, but had been
reinstated five minutes
later. No worker had
been fired as a result of
the strike.

All the problems
were amicably ironed
out by 9 am," he said
yesterday. "If I had ar-
rived earlier, the strike
would have been over on
Monday."

He said he did not
have figures available of
the number of animals
not slaughtered because
of the walk out. Howev-
er, he stressed that no
meat shortage had re-
sulted from the dispute.

"If consumers rush to
buy meat, they will be
burning their fingers
South Africa has more
meat on the market at
present than it can sell."
Mr Fourie said the ex-
pense of flying the 50
butchers to Port Eli-
zabeth and accommodat-
ing them in a hotel had
to be viewed against
"our business to slaugh-
ter and supply the city
with meat."

He said the SA Abat-
toir Corporation owned
the 10 largest abattoirs
in the country.
"I can take slaughter-
men from any centre. I
like to carry on our
work."



FM 28/6/85 L to R: Shostak, Goldenhuys, Hamersma ... half-heartedness won't work

able in the short term to lend out more money. The Reserve Bank has no tools to prevent this from happening, which means the same mistakes of 1983 could be repeated.

"We need to control excessive money supply growth rather than monetary growth *per se*. That is, the extent to which it exceeds GDP growth must be monitored. The decline in the buying power of money, that is, inflation, can't be resolved through recession. There is a need to control without damaging the eco-

nomy, and this means controlling the money supply and not money demand. We must stop interfering with behavioural patterns."

Gerhard De Kock knows this. But with reports of this kind, which imply painful adjustments and rude disturbance of comfortable assumptions, it is sometimes necessary to gild the lily with cautious, sometimes apparently contradictory language to allay the fears of those who favour continuing interventionism in economic policy.

That is the style of official reports in SA. But no one should underestimate the underlying determination of the commission to break the mould of past practice. Church Square will do so in its own way, proceeding with caution and discipline.

And in the end it will doubtless come to the conclusion that central bankers in the US and Britain have now arrived at: stop struggling to control money supply growth and it will probably start behaving itself. ■

MEAT INDUSTRY

Blood on the tracks

There are telling economic lessons in the Meat Board's refusal to pass on the benefits of its unsold R100m stockpile of frozen beef. Once again the semi-socialist structure of SA's agricultural system has driven one of its components towards disaster — for consumers, producers and the sector alike. A drastic restructuring of the R4,3 billion a year red meat industry is urgently required — and if it doesn't come, the upshot could well be the total collapse of the board's unwieldy "meat scheme."

Meat Board (MB) storerooms are currently overflowing with 35 000 t (220 000 carcasses) of frozen beef, a further 1 000-2 000 carcasses are being added *weekly*, and only half the 500 000 slaughter permits requested by producers over the past three months have been granted by the board. Since the MB refuses to sell off the surplus to consumers — or to lower meat floor prices in its "controlled" areas — something has to give.

Very likely it will be the board itself. With it will go its artificial structures of floor price supports, stabilisation fund levies, restricted slaughtering permits in its areas of jurisdiction, limited issue of retail butchers' licences,

The system of agricultural floor pricing, with subsidisation through the Land Bank, was devised in the Thirties to bring some stability to the shattered sector. But today we face surpluses and haywire economics in marketing strategies. Nowhere is this more true than in the massive red meat industry.

and enforced hygiene standards at massive abattoirs which have attracted the sobriquet, "meat palaces."

What role is government likely to play? Current financial austerity has already compelled it to reduce subsidisation of unprofitable sectors. It showed uncommon mettle in facing down the maize lobby. So tackling the meat mountain should mean, for a start, immediately stopping the Land Bank (LB) from further funding the meat authority to buy in carcasses at artificial price support levels.

MB GM Pieter Coetzee is adamant that protracted negotiations for the export of SA's beef mountain have reached "an ad-

vanced stage." This is curious, since Frans Roelofse — chairman of the action committee of the Federation of SA Country Meat Traders — tells the *FM* there is a world red meat glut at present.

"If the MB cannot export its frozen stocks at the current low value of the rand," he comments, "I doubt if they will ever be successful. The MB says their frozen stocks are valued at some R100m. The interest on this sum is about R23m/year, while storage costs are at least R12m/year. This adds up to a current cost to the industry of R135m annually, while the weekly increase in frozen stocks should push this up to about R200m by 1986."

Roelofse adds that if this "dead capital" was productively invested, thousands of jobs could be created. Meanwhile consumers are clamouring in vain for cheaper meat, and there is already something of a consumer revolt against beef, with chicken consumption on the increase. But the MB refuses to budge.

The board recently had to bolster its depleted stabilisation fund (used to purchase red meat at floor price levels, and funded through levies on producer sales of meat to



wholesalers) That support took the form of a R40m LB loan, so taxpayers are now in the unhappy position of assisting the MB to add even more to the unsold meat mountain

Roelofse feels that the only alternative to this "crazy, enormous chaos and waste" is to gradually bring the frozen stocks onto the market at lower prices, simultaneously adjusting floor prices to lower levels over a three-year period. He adds "Administrative costs of the MB's 'meat scheme' increased wholesale meat prices in controlled areas by some 45% over the past seven years. Structural costs have inflated meat prices. These include administration and abattoir fees, levies and other artificial costs charged by the people controlling the industry."

Realistic reassessment

This situation, he says, "cannot continue. What we need is a realistic, mature look at the shortcomings of the meat scheme. Mistakes have been made and these must be admitted and rectified. SA cannot afford the continued subsidisation of an unproductive system."

For his part, Coetzee argues that price is not the only factor leading to reduced red meat purchases and the growing meat mountain. "Internationally, there is a growing consumer swing to chicken. Experiments in Australia and New Zealand — to get rid of meat stocks by reducing prices — also failed." His view is that producers have to be supported to prevent a meat shortage within the next two years.

Roelofse counters that subsidising producers helps only in the short term. "The MB



Producers' Van der Westhuizen ... move that mountain

will either have to destroy excess stocks — some are more than six years old — or reduce prices to enable the trade to sell them. This will eventually force some producers out of the market — but a market collapse can be prevented by a gradual, phased process."

Organisation of Livestock Producers executive director Roy van der Westhuizen suggests an even more drastic solution

"Market prices should be allowed to drop 40%, while floor price levels remain the same, supported by the stabilisation fund. The market will be broadened, getting rid of the accumulated carcasses and saving the storage costs. Simultaneously, retail outlets must be increased by allowing the issue of non-restrictive butchers' licences. This will increase competition and enhance the marketing of red meat."

Ways and means

Part of his contention is that increased demand would lead to the issue of more slaughter permits. Controlled areas should be abolished, he feels, and abattoirs privatised.

Roelofse's more gradualistic approach would also lead to increased demand and a broader market. "We can either produce less or increase demand. Artificially high prices have led to the current surplus, and a 10% to 15% reduction in prices should stimulate demand tremendously. What we need is limited control, with a floor price of say 100c/kg to protect producers against total sales losses."

Through its excessive focus on the protection of producers, the MB has neglected an essential marketing function. "Far greater co-operation is needed between the MB and meat retailers," Roelofse argues. "A meeting between the MB, the retail trade and producers, to discuss these problems in a responsible way, has become an urgent necessity."

Increasing red meat sales to blacks should be the long-term aim of the industry. This,

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Ulundi hit by bread strike

CP Correspondent
7/7/85

THE KWAZULU capital of Ulundi was this week left without bread after Sasko Bakery workers went on strike.

About 200 workers went on a sympathy strike after some of their colleagues were retrenched at short notice and without any prior discussions with the National Iron, Steel, Metal and Allied Workers' Union - of which they are members, say the workers.

Meanwhile, the bakery has been closed temporarily pending the outcome of talks between Nismawu and management next Wednesday

Workers have been camping outside the factory gate daily after an unsuccessful plea to KwaZulu Interior Minister - whose KwaZulu Finance and Investment Corporation owns half the shares at the bakery - to intervene

By late this week Ulundi was getting a supply of bread from bakeries in Melmoth, 40km away.

Sasko spokesman J Laing confirmed that the bakery had been closed temporarily.

He said the company had retrenched some workers because of re-organisation to ensure the viability of the bakery due to its unstable financial position

186 *1975*

Dairy move

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13 Day
may rescue

1 300 jobs *186*

10/1/75
Business Day Reporter

THIRTEEN hundred jobs may be rescued after yesterday's announcement by 73 Natal dairy farmers that they were prepared to invest in the newly-restructured Creamline Dairies to save the ailing company from collapse.

Four weeks ago the firm crashed after admitting debts of R20m and assets of only R11m. It was placed under provisional liquidation in the Durban Supreme Court

Howick dairy farmer Brian McKenzie said yesterday the group of farmers, known as DCD, who produce approximately one third of the province's fresh milk supply, would be taking up a 30% share in the company. The move will have to be approved by the provisional liquidator.

A majority of the members of DCD were the previous owners of Creamline before it was sold to Transvaal interests in July 1975 and DCD Trust still owns the Pinetown factory from which Creamline operates.

McKenzie said the farmers took the move because they believed it was not in the public's interest to have only one distributor serving the province and they believed in the importance of a tie-up with the distribution of their products

McKenzie said the question of reduction in the price of milk, if any, could be decided only by the Milk Board.

Strike date to be set

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MORE than 800 bakery employees were told by union spokesmen at a meeting in Durban at the weekend that the date for strike action would be announced at a further meeting planned for the next Saturday.

More than 1 200 workers from major bakeries in Durban and surrounding areas voted last week to strike in support of their wage demands. Some of the votes cast by them earlier in the week were counted last Friday by Industrial Council officials.

15/7/85

About 68,5 percent of

the work force of 1 782 voted in favour of strike action after wage negotiations in the Durban Industrial Council for the baking and confectionery industry ended in deadlock.

The workers rejected the employers' final offer of R11,40 a week and demanded a R23-a-week increase with minimum wages set at R105,50 a week.

The parties involved in the negotiations included the Master Bakers' Association, representing the major bakeries and representatives of the Natal Baking Industry Employees' Union, the Sweet Food and Allied Workers' Union, the Food and Beverages Workers' Union and the Black Allied Workers' Union.

Bakers defer decision on strike date

1502 186 Labour Reporter 1502 186

ABOUT 800 bakery workers met in Durban at the weekend to discuss their planned industrial action in support of wage demands, but they deferred a decision on a date for the strike

In a ballot at seven bakeries in Durban, Pinetown, Tongaat and Stanger last week, 1 221 workers out of a total of 1 782 voted in favour of strike action in a 68,5 percent poll

At Saturday's meeting, convened jointly by the Sweet, Food and Allied Workers' Union, the Natal Baking Industry Employees' Union, the Food and Beverages Workers' Union and the Black Allied Workers' Union, the workers said they were determined to go ahead with their strike action

'But a date has been deferred because workers want to follow the legal procedure set down in the Labour Relations Act in terms of which a strike becomes legal 30 days after a dispute has been declared

'The 30th day expires on July 18,' said Miss Renee Roux, a spokesman for the Fosatu-affiliated Sweet, Food and Allied Workers' Union'

Another meeting will be held at the YMCA in Beatrix Street on Saturday to fix a date and also elect committees from the seven bakeries to co-ordinate the strike action

Miss Roux said it was hoped that in the meantime the employers would reconsider their final offer — a pay rise of R11,40 a week — which the workers had rejected. They are demanding an across-the-board increase of R23 a week.

Mr Steve Govender, secretary of the Natal Baking Industry Employees' Union, said a dispute was declared with employers on June 18 after five meetings at Industrial Council failed to reach agreement on their pay demands

'We also informed the Minister of Manpower, Mr P T C du Plessis, of the dispute,' he said

The chairman of the Durban Master Bakers' Association, Maurice Grant, could not be reached for comment last night

The seven bakeries affected are Bakers BB Bread, Albany Bakery, Blue Ribbon Bakery, Premier Pies, Wareings in Pinetown, Tongaat Bakery and Beta Bread in Stanger

Bakers make contingency plans over strike threat

Labour Reporter

EMPLOYERS in the baking industry in Durban have taken steps to counter a threatened strike action by 1 200 bakery workers

Mr Maurice Grant, chairman of the Durban and District Master Bakers' Association, announced the contingency plans yesterday amid growing tension among workers and employers over pay demands

But he declined to di-

vulge the plans until after today's crucial meeting of the Industrial Council for the Baking and Confectionary Industry for Durban and Districts

Plans to handle an extended period of strike action had been discussed by the association and arrangements were well in hand to counter work stoppages, he said

More than 1 200 workers from seven bakeries in Durban, Pinetown, Tongaat and Stanger have

indicated support for strike action in support of their demand for a R23 across-the-board rise

Union spokesmen warned that workers were determined to go ahead with their strike, irrespective of the consequences in their struggle for a 'living wage'

The vast majority of workers were earning an average of R82 50 per week and were finding it 'extremely difficult to

make ends meet' Drivers at Bakers BB Bread said their average pay was a little under R140 a week

'Most of us are married men with families to support. Our wages are just not enough,' one said

Mr Grant said 'The offer of R11,40 is as far as we can possibly go. Both the unions and their members should understand that there is no question of a further offer'

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Bakery workers give strike deadline

More than 1 200 bakery workers in Durban are likely to down tools if employers do not improve their wage offer by Saturday

Last week 68,5 percent of the workers voted to strike after Industrial Council negotiations with employers broke down.

A union spokesman said yesterday that unions had launched a campaign to explain the workers' position to the community to avoid a situation where "scabs would wait at the company gates" during the proposed strike.

She added that community organisations in the area had offered their support.

ferred their support.

The unions involved in the dispute with the Master Bakers' Association (MBA) are the Sweet, Food and Allied Workers' Union, the Natal Baking Industry Employees' Union, the Food and Beverage Workers' Union, and the Black Allied Workers' Union.

The employers' final offer included a 12,5 percent weekly increase — R11,40 — with the minimum wage being raised by 13,8 percent to R93,90. Two non-delivery days were to be converted into paid holidays.

The unions rejected this, asking

instead for, among other things:

- An across-the-board 27,9 percent weekly wage rise of R23
- A reduction of the working week for all workers to 40 hours
- Triple pay for working on public holidays falling on a Sunday
- Doubling the night shift allowance from 10 to 20 percent

Employers have described the demands as "unrealistic" and "unreasonable" because they would have the effect of nearly doubling existing service benefits.

If called, the strike is likely to affect Durban's surrounding areas as well.

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Board to help resolve dispute over mill pay

Labour Reporter

THE Minister of Manpower, Mr PTC du Plessis, has appointed a conciliation board to help resolve a pay dispute between the Sweet Food and Allied Workers Union and Bakers Flour Mills in Durban

The 11th-hour development came hours before a strike ballot was to commence, Mr RL Sullivan, the company's managing director, told the Mercury last night

'In the light of this development the union agreed to delay the strike ballot. The conciliation board hearing is scheduled to take place on Monday

'The union has demanded a minimum wage of R108,40, which amounts to a 23 percent increase

on current wage rates. Management has responded with a final offer totalling R99,50, which is a 13 percent increase,' he said

Union spokesmen could not be reached for comment last night, but workers at the flour mills disclosed at a meeting at the weekend that they had planned to join the 1200 bakery workers in Durban who have threatened to go on strike in support of their pay demands shortly

No date has yet been set for the bakery workers' strike which is likely to affect the greater Durban area, Pinetown, Tongaat and Stanger. The workers are due to meet at the YMCA in Beatrice Street tomorrow afternoon to finalise a date for the strike

WM 19/7/85

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(186) (SFAWU) (FATA)
BAKING INDUSTRY (SFAWU)

Cutting the cake

A ballot among unions in the bakery and confectionery industry in the greater Durban area indicates strong support for strike ac-

Financial Mail July 19 1985

tion. But the unions involved are reserving their options

Says Renée Roux, branch organiser of the Sweet, Food and Allied Workers Union (SFAWU), one of four unions involved "We're in no hurry to strike. The pressure is now on the employers to move."

There could be a further reason why industrial action is being delayed. The dispute was declared on June 18 and, in terms of the Labour Relations Act, there has to be a 30-day grace period before workers can resort to a legal strike. The statutory period expires on Thursday this week. Roux hopes both parties

will use the time to resolve the dispute.

Employers were taken aback at the ballot outcome. With four unions involved in the dispute, the degree of solidarity displayed clearly surprised them. Of the 1 782 workers involved in the dispute, 1 221 voted in favour of a strike in a 68,5 percentage poll.

Other unions involved in the wage deadlock, apart from Fosatu's SFAWU, are the Natal Baking Industry Employees' Union, Cusa's Food and Beverage Workers' Union and the Black Allied Workers' Union. Negotiations within the industrial council ground to a halt when employers offered an

R11,40/week increase against the unions' final demand for a R23/week increase on the basic wage of R82,50.

Employers maintain wage levels in the Durban and District Industrial Council for the Baking and Confectionery Industry are the highest in the country. Moreover, they claim that bread is a controlled product. The prices of raw materials are controlled. So are profits, due to a mechanism known as the "bakers' margin."

The unions reply that, by means of an unofficial cartel, employers have kept wages in the industry artificially depressed. ■

Bakery strike date decision today

Labour Reporter

WORKERS in the baking industry are expected to decide on a date for their strike action over pay at a meeting in Durban today.

The vast majority of workers have voted in favour of striking after negotiations between the management and four unions reached a deadlock.

Miss Renee Roux, a spokesman for the unions, said yesterday that the Industrial Council for the Baking Industry met this week, but the pay dispute remained unresolved.

'We were hoping that the employers would reconsider their final offer to avert industrial action, but they refused to budge,' she said.

Mr Maurice Grant, chairman of the Durban Master Bakers' Association, said the employers stood by their final offer of an across-the-board pay rise of R11,40 a week.

The workers have rejected it, saying they will not settle for less than a R23-a-week rise.

Mr Grant said the employers were not in a po-

sition to increase their offer and had indicated to workers to take it or leave it.

He said there were contingency plans to counter an 'extended period of strike action'.

Meanwhile, employees at Bakers Flour Mills in Durban, which also has a pay dispute, said yesterday they refused to work overtime this weekend.

Mr R L Sullivan, the managing director, yesterday confirmed that workers at the mill had decided not to work 'essential overtime this weekend in spite of the fact that this is normal working practice'.

He said the move was apparently to enable them to attend today's meeting of baking industry workers.

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NA 20/7/85

No flour produced strike

DURBAN — The Durban bread strike took a new turn today as 160 workers at Bakers Flour Mill on the same premises as B B Bread bakery joined the strike — stopping production of flour as well.

They joined 700 bakers who lingered on the premises last night, ostensibly to prevent the 400 000 loaves baked over the weekend from being distributed.

The managing director of Bakers Flour Mill, Mr R L Sullivan, said the workers went on an illegal strike two hours before a conciliation board meeting was scheduled to settle a separate wage dispute.

Workers at the Stanger bakery did not turn up for work today, bringing the eighth major bakery to a standstill. — Sapa

Bakery workers on strike

ABOUT 1 800 workers went on strike yesterday at seven bakeries in Durban, Pinetown, Tongaat and KwaMashu, leaving 400 000 loaves of bread undelivered.

At B B Bread in Sydney road 700 workers downed tools at 5 am, leaving packed bread in trucks. They refused to deliver and could not let customers fetch their quotas.

Mr Cokie said his company had thought of closing the plant on Saturday to prevent wasting bread, but decided against the idea because they were not certain the strike would continue yesterday.

A spokesman for the Sweet, Food and Allied Workers Union said employers were responsible for the strike, "because of their hard-headed attitude in refusing the workers demands of a R23 a week wage increase, despite the fact that the bread price will go up between 15 and 20 cents in September."

Workers get R82,50 a week and a R11,40 increase offered by employers has been rejected by labourers and driver/salesmen alike because, they say, their living standards are declining too fast.

The other unions involved are the Natal Baking Industries Employees Union, The Food and Beverage Workers Union and the Black Allied Workers Union. Mr Maurice Grant, vice-chairman of the Durban Master Bakers' Association, said the Stanger bakery was also expected to go on strike yesterday. Workers were working normally this morning and there had also been some deliveries from the Blue Ribbon Bakery yesterday — Sapa 23/7/85

CRP 70A 24/7/85
Bread strike: No solution

DURBAN. — A situation in the bread strike here had now been reached where an immediate solution to the dispute was not in sight and there was doubt among the employers that the unions involved realized the serious implications of their action, the representative of the affected bakeries, the Durban Master Bakers' Association, said in a statement yesterday

"All bakery managements have reported to the association that workers have indicated that there is strong desire on the part of many of the striking workers to accept the employers' offer.

"The unions' demands, amounting almost to a doubling of existing wage benefits, are still damaging the prospects of settlement and the situation remains tense."

the statement said.

A spokesman for the Durban Master Bakers' Association said yesterday striking workers had remained on most sites around Durban.

During the day at B B Bread, vehicles hired by the Red Cross were loaded with non-distributed bread by management and senior executives of the bakery for distribution by Operation Hunger — Sapa

Bosses warn striking bakers: You'll be fired

EMPLOYERS yesterday warned the 2 500 striking bakery workers in Durban that they could not be allowed to continue to occupy the premises indefinitely and that they could face dismissal

According to a spokesman for the four trade unions involved, strikers were given a verbal ultimatum to leave the premises of B B Bread by 4pm yesterday

In their pay packets yesterday the workers found notices that their services might be terminated if the strike continued

A spokesman for the Master Bakers' Association said "The actions of the unions have now held the people of Durban to ransom for long enough. Sooner or later workers are going to be asked to leave bakery premises to let bakeries get on with the business of making bread," he said

He reiterated that the workers had been told that the association's pay offer was final and workers were free to accept it

Meanwhile a ninth bakery, at Umlazi, joined the other strikers, making a total of more than 2 500 workers refusing to work as the strike entered its fourth day

Consumers were still battling to get bread as small independent

bakeries worked overtime to produce enough special "fancy" bread for hospitals as well as the public

The B B Bread plant workers in Sydney Road were refusing to allow Red Cross trucks into the plant to collect bread baked at the weekend for charitable distribution

Rumours of a milk workers' strike sent shoppers scrambling to supermarkets and cafes on Wednesday afternoon

However, a spokesman for Clover Dairies said emphatically "There is no strike" He said his firm had been swamped by calls from anxious shoppers

He had spoken to a senior shop steward who had confirmed there were no plans for a strike

Rumours of strikes by petrol delivery workers and petrol station attendants also proved unfounded

The bakers' association message the strikers found in their pay packets read

1 Management urgently requests workers to accept the wage offer of

R11,40 a week increase to all weekly paid workers,
 Two additional public holidays

(being 10 October and 26 December),

Hours of work for security guards to be reduced from 60 hours to 48 hours, and pay for public holidays and Sundays for security guards to be the same as for all other workers

2 Management cannot allow the strike to continue indefinitely Bread is an important basic food and the strike is affecting very many people

3 Management cannot increase the wage offer which it has made The new wage will be the highest in the baking industry in South Africa

4 Management earnestly requests workers to accept the wage offer and to return to work Management advises striking workers that if they do not return to work on their normal shifts with effect from Sunday, 28 July 1985, they may be dismissed Any worker who does not return to work on his normal shift commencing 28 July will therefore understand and accept that he could be dismissed

5 Workers are clearly reminded that they may be dismissed by management if they strike

~~PE~~ ~~now~~ ~~facing~~ ~~meat~~ ~~shortage~~ ¹⁸⁶ ^{P. Day}

PORT ELIZABETH is bracing itself for a meat crisis as 300 striking abattoir workers stayed away for a second day yesterday

At one large supermarket the grade-one lamb price rose by R1/kg 26/7/85

A local butcher said butchers faced ruin because the strike came at the same time as a boycott of white businesses by blacks — Sapa

CNN Times
27/7/85

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BBK

Durban strikers end bakery siege

Own Correspondent

DURBAN — About 700 striking workers at BB Bread Bakery in Durban marched out of the bakery premises yesterday, ending a five-day siege

Earlier, the bakery's management made an urgent application to the Supreme Court for an order to evict the strikers, some of whom had been occupying the

premises since Monday when the strike in support of a wage demand began

The application was adjourned after the workers' representatives gave an undertaking that all the strikers would vacate the premises voluntarily

Meanwhile, there was still no settlement to the wage dispute in spite of another meeting of the Industrial Council for the Baking Industry in Durban yesterday

Over 2 000 workers from seven bakeries in Durban, Pinetown, Tongaat and Stanger, joined by workers from Umlazi and KwaMashu bakeries, went on strike in support of pay demands

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Durban bakers plan

BAKERS plan to thwart the strike which has left Durban without "regulation" bread for a week.

They will bake their loaves today for collection by consumers.

The wage strike this week was one of the most widespread and highly visible legal strikes seen in South Africa.

It totally cut off the supply of "regulation" bread to Durban.

Demand

More than 2 000 workers at eight different bakeries and a flour mill in Durban are demanding an increase of R23 a week.

Employers say they can offer no more than an R11,40 increase.

By late yesterday it

to thwart the strikers

By SHAUN HARRIS and
MICHAEL JOHNSON

seemed that at least one bakery in Durban, the B B Bread plant near the city centre, would be making bread today despite the strike

Mr Maurice Grant, vice-chairman of the Master Bakers' Association, said: "I have all my monthly paid staff here and we will start making bread if our workers don't return today."

The workers were asked to return to work today, but a union spokesman said it was

unlikely that they would.

Mr Grant said: "If the men don't return, one of our options would be to start hiring new staff, although we certainly won't fire our men if they are not here for the first shift."

A spokesman for the strike committee set up by four unions said workers were "strong in their resolve" not to return to work until their wage demands were met.

"We have been blamed for causing this strike, but it is the low wages and the attitudes of employers that has caused it"

S. Times
28/7/85
186
F59

3/17/85 (186) B. Day

Employers see strike easing

THE Durban bakery strike — now in its second week — eased yesterday as non-union staff at the city's biggest producer made bread, the Durban Master Bakers' Association said.

It added that there were indications some other bakeries in the area would soon be following suit.

Threats of violence to staff and destruction of equipment had been brought to the attention of management, the association said.

"It is most contradictory to be advised of these threats because, through the daily Press, we read that the leaders of the strike are urging us to resume negotiations."

"This makes us doubt whether they

are serious about negotiation, which process they themselves ended."

The statement said the view of the employers was that management-union negotiations had never been closed.

The employers' final offer remained on the table.

"The strike cannot continue indefinitely and it is not benefiting workers, employers or consumers. Nor will it do so in the future and the sooner this is understood by the workers, the better."

A spokesman for the Master Bakers' Association said that it appeared union leaders had still not stressed the finality of the offer.

It had been arrived at after lengthy

negotiations with the workers' representatives. It had been extensively revised and all possible ways of improving it had been exhausted.

"The unions, and not the employers, withdrew from negotiations," he said, "and they rejected mediation as a way of solving the dispute."

"The industry sees responsibility as the provision of bread to consumers and this is why some bakeries are doing all they can to produce even though they are unable to deliver."

"We are aware that bread is a staple for many people and regard it as essential to provide as much as we can. The strike cannot continue indefinitely," he said.

(A) (A) (A) 186
Non-strike bakery
damaged by blast
B. Day 1/8/85

By Business Day and Sapa

A BLAST caused more than R100 000 worth damage to Umlazi Bakery premises in Durban yesterday morning only hours before a scheduled industrial council meeting between striking bakery workers and employers

The is not one of the eight Durban bakeries affected by the wage strike and there is no proof that it is linked with the dispute

Production of bread was stopped

At no stage had the Umlazi bakery supplied to anyone in the council area and traditional customers in the Umlazi area were the only ones to get bread from it

Despite the Durban bread workers' strike and its effects, and threats and reports of strikes over the past few days, there had been no industrial action at the bakery. Police were still investigating the incident and management would

decide later when to resume production, a management statement said

Umlazi Bakery manager W Pretorius said he thought there could be "some connection" with the strike, but did not know who had been involved

He said senior officials had received threats but the workers had decided to continue with production

Maurice Grant, of the Durban Master Bakers' Association, said the explosion would not influence negotiations between employers and the four unions involved in the strike

The Sweet Food and Allied Workers' Union, which has co-operated with three other unions in the strike, could not be contacted for comment yesterday

No more dough

The Durban bakers' strike is rapidly reaching a crisis point. With the stoppage now well into its second week and bread production virtually at a standstill, employers say their options are narrowing.

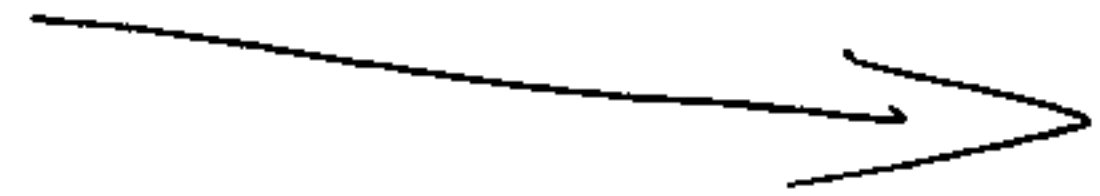
If there is no breakthrough within the next few days, they could conceivably turn to their weapon of last resort — the dismissal of the entire work force.

The strike, which involves around 2 000 workers from eight bakeries represented by four different unions, has been marked by intransigence on all sides.

Workers claim they are not prepared to go back to work until management meets their final demand for an additional R23/week on their basic R82,50/week wage. That position was reiterated at a meeting of the unions on Saturday.

Employers say their final offer of R11,40/week stands. They want workers to go back to work but they are not prepared to talk further on the wage issue.

FM 2/8/85 49



<p>As is typical in these situations, there is a degree of reasonableness in both positions. The real bugbear appears to be inflation.</p> <p>Workers maintain they are part of a larger family of food unions and their basic wage of R82,50 is below average for the sector. They say they want to bridge the gap — even if this requires an immediate large increase.</p> <p>Employers, on the other hand, maintain that their R11,40/week offer represents a 13,8% increase, well in line with other wage awards and high by comparison with other bakers' increases.</p> <p>The R23/week increase demanded by the union, they charge, is totally unrealistic. It would represent a 27,8% increase on current wage levels.</p> <p>Further, employers contend that bread is a controlled commodity. Their profits are determined by a mechanism known as the "bakers' margin" which is agreed annually in</p>	<p>discussions between industry representatives and government. Therefore they don't have the degree of elasticity required for making a higher offer.</p> <p>Unions argue that it is not their fault the workers are involved in an industry that relies on government subsidies. They, too, deserve to be paid a living wage — even if it means that the industry has to be restructured.</p> <p>Meanwhile the stalemate continues. Some bakeries are using white collar workers to bake about a quarter of their normal production and others are likely to follow suit. Workers who were encamped on the premises of some bakeries left after the managements threatened legal action to have them evicted.</p> <p>However, they are against scabs being hired to produce bread and say they will block any moves in this direction. Employers</p>	<p>have warned that "the strike cannot go on indefinitely and normal production must be resumed".</p> <p>Undeterred, union spokesmen remained hopeful that "employers will see reason and return to the negotiating table".</p>
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August 1985

Workers on legal strike

MORE than 450 employees of Irvin and Johnson Company in Springs yesterday went on a legal strike over several issues, including wage rises and the recognition of June 16 as a paid public holiday.

Members of the Fosatu-affiliate Sweet Food and Allied Workers Union (SFAWU) took action after the Minister of Manpower, Mr P T C du Plessis, failed to appoint a conciliation board to settle the dispute.

The union held a strike ballot to test the workers' opinion on a strike.

The results were: 69 percent voted in favour, 14 percent against and 17 percent abstained.

Mr T Broderick, the company's group personnel and industrial relations manager, said the union had dead-

locked with management and the matter was referred to mediation which failed to resolve the dispute. The union then applied for a conciliation board hearing.

The company had increased its offer to 21,4 percent for lower-paid workers with the union demand remaining a 35,7 a percent rise a week, he said.

Mr Broderick said it was emphasised to workers that the basic wages offered was still well ahead of those paid in other markets.

A union spokesman said they were demanding increases of up to 35 percent, recognition of June 16 and May as public holidays, a 40-hour working week and better working conditions.

The union spokesman has disputed that the company's wage offer was better than other markets.

Strike ended by some Durban bakery workers

DURBAN — The two-week bread shortage in Durban eased slightly yesterday, about 800 workers at five bakeries having returned to work on Sunday

They will be able to produce only about one-third of normal needs because the 1 200 workers at B B Bread, Blue Ribbon and Kwamashu Bakeries, who bake most of the city's bread, are still not back at work.

Workers at Blue Ribbon and B B Bread arrived at work on Sunday and yesterday but, after seeing a notice posted on the gate and talking to Sweet, Food and Allied Workers' Union officials (SFAWU), they went home.

The notice, which management had put on the gates, stated that the company would not allow any worker on to the premises until he had signed a declaration that he accepted the R12-a-week wage increase, which would stay in force for a year.

This was interpreted as a "lockout" by the SFAWU, which condemned the action. B B Bread MD Maurice Grant confirmed

that staff had arrived at work but refused to talk about the conditions set down by the company.

He said that there should soon be an increased supply of standardised bread in the shops, even though production was not back to normal throughout the industry

B B Bread, which is producing one-quarter of last week's quota, did not bake bread at the weekend and people who began queuing this morning will have to get their bread from one of the five bakeries that are working normally.

However, Grant hoped that all the bakery workers and the bakers' flourmill workers would be back at work by today.

Employers and the unions hoped to resolve the latest dispute at B B Bread and Blue Ribbon at an industrial council meeting late yesterday

SFAWU members decided at a weekend meeting that while they would return to work, they would continue their struggle for improvement in working conditions — Sapa.

186 3 Day 6/8/85

Durban bread strike ends

Cape Times 6/8/85

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Own Correspondent

DURBAN. — The bread strike here is now officially over and normal bread supplies should reach shops tomorrow morning

A formal agreement between management and unions ending the strike, which virtually stopped bread supplies in Durban for the past two weeks, was reached yesterday afternoon

Six of the seven bakeries on strike were producing normally yesterday after many workers and three of the four unions involved had accepted management's final pay offer at the weekend

But the biggest bakery,

BB Bread, was idle

Deadlock between management and the Sweet, Food and Allied Workers' Union over the signing of an agreement was broken only at yesterday's lengthy Industrial Council meeting

It is understood baking industry workers accepted employers' final offer of a R12 a week across-the-board increase, reduced working hours for security guards and the dropping of a requirement that new employees serve six months before qualifying for full rates of pay

When workers decided to strike for a living wage they were demanding a R23 increase

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T W Beckett eps increase 30% to 100c for first half

TIGHT management enabled T W Beckett, the Anglovaal Group beverage company, to recover from a difficult first half and post a 30% rise in earnings a share from 77c to 100c in the year to June

The dividend has been raised from 38c to 40c a share. At the interim stage, when earnings plunged 37%, Beckett anticipated an improvement in earnings in the second half of

MERVYN HARRIS

the year if the landed rand prices of tea and coffee stabilised

Turnover rose 24% from R111,5m to R138,2m and operating profit jumped from R10,9m to R15,7m. However, interest charges more than doubled from R2,8m to R5,9m,

leaving a pre-tax profit of R10,3m against the previous year's R8,5m

After a little-changed tax rate, attributable profit increased to R6m from R4,6m in the previous year

The splendid results justify the rise in Beckett's share price to a 12-month peak earlier this month of 675c, after a low of 510c

Bread price to rise when wheat goes up 10%

29/8/85

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R. Day

WHEAT producers expect a price increase of about 10% from the beginning of October. Housewives can brace themselves for a hefty increase in the bread price from the same date.

Last year the wheat price was raised by 8,7%, well below the inflation rate. There was no increase in 1983.

Since 1983 farmers' costs are estimated to have rocketed by more than 25%.

Wheat Board GM Dennis van Aarde says there are sound reasons for the price increase but Agriculture Minister Greyling Wentzel has said nothing about the expected price hike.

Meanwhile the commission appointed by Wentzel

GERALD REILLY

to advise him on whether the bread subsidy policy should be continued is still at work. It has been instructed to report before mid-September.

The current financial year's subsidy of about R200m runs out at the end of next month. If it is decided the subsidy should be dropped — a distinct possibility according to government sources here — the bread price rise from October 1 will be a big one.

It is reliably understood that the Wheat Board is unlikely to agree to any of its R70m strong stabilisation fund being used to minimise the bread price rise. Van Aarde points out that two years ago the board

paid R40m from the fund to strengthen the government bread subsidy account.

Against this background the bread price rise could be as much as 20c a loaf. However, Van Aarde said, if such a big an increase were unavoidable it would probably be introduced in stages.

Other sources say this could mean an increase from October 1 and staggered increases in January and April.

Meanwhile, prospects for the current crop indicate that more than 300 000 tons will have to be imported at more than R100m but, because of oversupplied world markets, the landed price of imported wheat may not differ greatly from the local price, especially after the expected local price increase.

10/6/84
Bread set to rise soon

186 GERALD HEILLY 3
A PRODUCER wheat price increase is expected next week, followed soon after by a bread price hike from October 1

Informed sources in Pretoria say that because the wheat price has been increased only once — by 8,7% in 1984 — since 1982 the Cabinet will not reject producers' demand for an increase.

However, it is expected to be well inside the 15,9% inflation rate.

The wheat price is one of three factors which Cabinet will take into account when fixing the bread price

The others are the extent to which millers and bakers are to get raised margins, and whether the bread subsidy is to be continued or reduced

All eyes on bread subsidy

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Cabinet to meet next week over bread price rise

WHEAT and bread price increases will be announced next week after the Cabinet meeting on Wednesday, according to Pretoria sources.

The price of white bread is expected to rise from 65c to at least 70c a loaf and brown and wholewheat bread from 45c to 50c

A price rise of 20c a loaf could be justified if the R200m subsidy which runs out at the end of October is not extended.

Agriculture Minister Greyling Wentzel is studying the recommendations of the Davin Commission on whether the bread subsidy should be continued and, if so, in what form

It is understood the Cabinet will be prepared to extend the subsidy at least until the end of the year to ensure a moderate price increase of about 5c a loaf

Sources in Pretoria said Cabinet members were aware that a drastic

Pretoria Bureau

increase in the bread price could spark an angry reaction from blacks and that this could have an impact on levels of unrest

A continuation of the subsidy would therefore be an investment in security, the sources said

Brown bread is now subsidised to the extent of 11,4c a loaf

Removal of the subsidy and a price rise of 12c would cause "consumer shock", the Wheat Board has warned. However, the price increase could be bigger than 12c if the higher margins expected by millers and bakers and the increased wheat price were taken into account

Such an increase would result in a sharp, short-term drop in the sale of brown bread, sources said

Latest figures show that of the 1,8-billion loaves sold annually 75% are brown or wholewheat bread

give you more direct connection
place of Debussy. And even to the
as a week. That should be music to

Epol retrenching 300

CT. 3/10/85

Staff Reporter
EPOI is to close its Maitland factory and at least 300 employees are being retrenched — possibly the biggest single retrenchment in the Western Cape food-processing industry in 10 years.

In a press release yesterday, Epol Pty Ltd said that as a result of the depressed state of the economy coupled to the excessive production facilities that exist in the animal-feed industry in the Western Cape Epol has decided to close its factory in Maitland on a temporary basis.

"The erection of a modern cost-efficient plant will form part of Epol's current rationalization programme. Production at the existing factory will cease on October 31 1985.

"Every effort will be made by the company to secure jobs for as many of

our staff as possible with companies within the Premier Group or elsewhere.

When approached for comment yesterday Mr Jan Theron general secretary of the Food and Canning Workers Union which represents most of the white, coloured and African workers at the factory said the union would fight the decision and would meet Epol management today.

"We deplore the closure of the factory, which is being shut not because there is no future for it but because they are installing new plant and machinery. It is the height of social irresponsibility to do such a thing when the livelihoods of more than 300 people are at stake.

Mr Theron said he believed this was the biggest single retrenchment in the food-processing industry in at least the past 10 years.

Bread to ~~cost~~ cost more on Monday

Pretoria Bureau

THE price of brown bread will rise on Monday by 5c a loaf to 50c, and a white loaf will cost 70c, Agriculture Minister Greyling Wentzel announced at a Press conference in Pretoria yesterday.

This is the second rise this year. The bread price was increased by 5c a loaf in June

The wheat price has also been increased, by 8,7% or R26 to R325 a ton

Wentzel said that besides the R200m subsidy, which had already run out, another R45m had to be found to limit the price rise to 5c a loaf

The additional R45m would last until March next year, when prices would again be reviewed

However, taking into account the massive unemployment in the country and increasing hunger, Finance Minister Barend du Plessis would probably find additional funds to bolster the price, he said

He added that government had accepted the Davin Commission recommendation that the milling and baking industries contribute R5m to the R45m subsidy

The Wheat Board, which last year contributed R40m from its wheat fund, would contribute another R15m.

This left a subsidy deficit which would come from the taxpayer

The Davin Commission, Wentzel said, had also recommended the gradual abolition of the bread-subsidy system, a move still being considered by government. — Sapa



The incredible

shrinking loaf

October, 1985

~~35c~~ 1979
18c

This means you, the consumer, can buy a quarter-loaf for the price you paid for a full loaf in 1979

White bread will go up to 70% - an 11% increase on the July price

This was decided by the National Party Cabinet of

President PW Botha yesterday afternoon

The increases were announced by Agriculture and Economics Minister Greyling Wentzel late yesterday

The Government recently announced it was committed to dropping the bread subsidy

In 1979, a loaf of brown bread cost 16c. Today you will get a few slices for that much - and pay more than three times the price for a

whole loaf

Six years ago, a loaf of white bread cost 20c. One could buy three and a half loaves then for what a loaf costs today

The bread price last went up at the end of May - by 5c. The price of a brown loaf was 45c, and a white loaf 65c

Nutritionists have expressed concern at the increase, because bread is the staple food for nine out of ten black households

Bread consumption has, however, dropped slightly in several of the areas affected by unrest - especially the Eastern Cape

★ The bread price rise is just one of a string of recent increases, covering everything from tyres to T-bone steaks - Sapa

FM 11/10/85
 (186) (186) (186)

combined 89,1% stake in the baking market, would be substantially affected if government accepts the Davin recommendations

- These recommendations include
- The abolition of price control on wheat flour and standard government bread from October 1 1986,
 - The abolition of restrictive registration in the milling and baking industries from the same date, opening the door to free entry,
 - Switching the bread subsidy from the end product to the WB in order to keep the price of wheat, flour and bread as low as possible, and
 - Continued WB control over the quality of wheat sold and over the quality of certain standards of bread

Van Aarde expects the new bread subsidy to be substantially below the current R200m a year. And he doubts if the WB could exercise effective quality control over a number of new bakers after deregulation.

Agriculture Minister Greyling Wentzel

has already asked the WB and other parties for their comments on the Davin recommendations. Van Aarde says the WB will meet on November 20 and its comments should reach Wentzel by the end of November.

Pick 'n Pay CE Raymond Ackerman, a commission member, is adamant that the virtually free market that would follow implementation of the recommendations would benefit consumers.

"Although some smaller retailers could up their prices after deregulation, other forces — in the form of major retail groups — will ensure that

prices are kept low. Competition in the free market will ensure that consumers get the best deal," he says.

BREAD PRICE

Cheaper options?

SA's wheat, milling and baking industries are taking stock of the Davin Commission's controversial recommendations to deregulate the industries and create a virtual free market.

At stake is the profitability of the R650m a year wheat producing industry, the near R1 billion a year wheat milling industry and retail bread sales worth more than R1 billion a year. But will deregulation lead to higher, or lower, bread prices? Opinions differ.

Cheaper bread prices could result from a punch-up between competing millers at one level and free competition between independent bakers on the other. Together they control a market of some 1,8

billion loaves a year. But some sources say there could be sharp price rises after deregulation as smaller retailers increase their profit margins from the present 2c a loaf. The new margin, they say, will be around 8c a loaf.

"I can foresee bread prices increasing by about 50% above the latest levels as soon as price control is abolished," says Wheat Board (WB) GM Dennis van Aarde.

Six major milling groups, controlling 98,8% of SA's milling industry and with a



P 'n P's Ackerman ... seeks lower prices

PUBLISHING

Perils for print

There seems to be no relief in sight for SA's embattled newspaper industry. The latest adspend figures show that the press contin-

Firm hits back with 'union tactics'

More likely to follow Premier's lockout lead

LOCKOUTS are set to become more frequent as managements take their lead from the Premier Group, say labour experts.

Last week Farm Fare, a Premier subsidiary, locked out 497 workers at Krugersdorp after a protracted dispute over a proposed change in working conditions. The Sweet Food and Allied Workers' Union (SFAWU), which represents most of the workers, slammed the lockout as evil and vowed further action against Premier.

The dispute centred on a bitter dispute over a change in conditions of employment.

Management's wage offer was tied to a demand for compulsory overtime and extended working hours.

The SFAWU and management failed to reach agreement after weeks of negotiation. Negotiations were dogged by overtime bans and go-slows, says Farm Fare.

Premier's Rob Childs says the lockout decision was not taken lightly. "We certainly do not want to see a lot of trigger-happy managements taking our lead. This was a last straw move by Farm Fare's management.

"Every avenue of negotiation had

ALAN RUDDOCK

been exhausted: management applied for a conciliation board to be appointed and, when the 30 days had elapsed and no CB had been appointed, the decision was taken to institute the lockout. The dispute had to come to a head," he says.

Industrial relations consultant Andrew Levy says: "This case shows the employer using against the union exactly the tactics the union usually uses against them.

"The employer played by the book and the union should have no complaints. The arguments they use for a legal strike apply equally to a legal lockout.

"We can anticipate a hell of a lot more lockouts," Levy says. "As the unions become stronger and more vocal, managements will take a harder line. There is no duty to agree in industrial relations, only a duty to negotiate."

Observers say there is a high level of conflict in the food industry but agree that Premier has been "more competent than others" in handling its disputes.

"For Premier to take this type of action indicates the degree of frustra-

tion management must have felt," says one labour observer.

There are, however, serious reservations about the lockout.

"Forcing workers to sign a new contract, under threat of dismissal if they do not, is no guarantee of a lasting settlement of a dispute," says one trade unionist.

"Any trust that exists between workers and management is seriously damaged, if not irreparably destroyed, by the gun-to-the-head approach."

Levy says: "Any solution lives from a day-to-day basis, but where duress is involved it is more difficult to anticipate how lasting it will be."

One industrial relations analyst says: "Any management which tries to enforce compulsory overtime does not understand the realities of the shop floor. It has been tried in the past and inexorably leads to worker sabotage. You can lead a horse to water, but you cannot make it drink."

The incidence of lockouts will increase, the experts agree. "We are moving more and more towards confrontation, ultimatums, force and duress in every sphere of our lives. It is only natural that managements should follow the trend in their industrial relations policy," says one trade unionist.

(186) B. P. Day 24/10/75

Edible oils hit by surcharge

THE need to import crude vegetable oil has pushed up production costs of cooking oil and margarine by approximately R31m this year

A spokesman for Van den Bergh and Jurgens, a subsidiary of Unilever, involved in the manufacture of oil and margarine, describes the effects on the industry as catastrophic

Four years ago South Africa was self-sufficient in groundnuts, sunflower seeds and soya beans, says Dawie van Zyl, head of marketing for the Oilseeds Board

The effect of drought since then has been to reduce oil output from the required 230 000 tons a year to an expected

LINDA ENSOR

output of 125 000 tons this year

The estimated landed cost of importing 105 000 tons of crude oil at present rates of exchange was R147m — R31.5m more than it would cost to buy locally, he says

The 10% import surcharge is costing the industry an extra R100 a ton, according to Van Zyl, and attempts by the industry to have it lifted for oil have been unsuccessful

Price increases — about 18% this year — have had to be implemented to absorb costs and this has had a depressing effect on the market

Brown bread price up 284 percent in 10 years

Staff Reporter

THE latest price increase means the price of brown bread has shot up a staggering 284 percent and the price of white bread 337 percent in 10 years.

In 1975 brown bread sold for 13c and white bread for 16c.

From Monday brown bread will cost 50c and white bread 70c a loaf. The 5c-a-loaf increase was announced by the Minister of Agricultural Economics, Mr Greyling Wentzel, in Pretoria yesterday.

It is the second increase this year. The bread price rose 5c a loaf in June when the Government said the R200-million a year subsidy was running out.

"UNAVOIDABLE"

The price increase was unavoidable, the Consumer Council said in a statement in Pretoria yesterday.

Though the increase would "undoubtedly come as a severe blow to consumers" the amount budgeted by the Government to make a bread subsidy possible had been depleted, said Consumer Council director Mr Jan Cronje.

"The country's baking and milling industry and especially the Wheat Board, should be lauded for their financial support in assisting the State to uphold the subsidy until at least March next year."

He added that in the past some supermarkets sold bread to consumers at a lower price. This should serve as an example to all dealers and this would not only generate a lot of goodwill, but would also help to keep the price of bread down to a minimum.

Bakers of standard loaves were making an estimated profit of 10c a loaf, it has been claimed by the national grocery buyer for a large supermarket chain.

"Although they claim to make no profit on their bread operation, I believe the Government bread subsidy is pure profit to them," said Mr Peter Dove of Pick'n Pay.

Pick'n Pay would be selling bread at the old price for "a minimum" of 30 days. This was 63c a loaf for white and 43c for brown.

He said bread production was controlled by a few large milling firms — who were also licensed to bake loaves. They were "very reluctant" to relinquish control.

Premier Group earnings slump 41,4%

CAP TINTS
12/11/85

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JOHANNESBURG — Premier Group Holdings had a 41,4 percent reduction in earnings in the six months to September, compared with the same period last year

Political and economic factors, a 30 percent higher interest bill and a reduction in retained earnings from associated companies due to the decline in earnings by SA Breweries, are the main reasons given for earnings reduction

Premier has nevertheless maintained the interim dividend at the previous level of 32c a share and the chairman, Mr Tony Bloom expects to be able to maintain the final dividend as well

The interim report shows total attributable earnings for the period at R22,2m, compared with R37,9m in the com-

parable period, equivalent to earnings a share of 39,2c (66,9c)

Turnover was up only 2,4 percent higher at R1203m, while trading profit was down eight percent at R63m (R68,5m)

Net interest paid amounted to R45,3m (R34,7m) and forex losses were R4,7m (R1m)

The group's share of retained earnings of associated companies declined to R10,1m (R17,6m)

The directors say that sales were adversely affected by a host of political and economic factors which had curbed private consumption expenditure, particularly black customers who accounted for a significant part of total sales

The group's broiler division was particular-

ly hard hit and posted on-going losses in the wake of a material downward revision in the price structure of broiler meat and poor technical results, the directors say

"Indeed, excluding this division operating profits in the group's traditional food areas of operation were ahead of those recorded last year

"However, mainly due to poor realizations from the broiler interests there has been an eight percent fall in trading profit.

Moreover, while SA Breweries maintained its interim dividend at the same rate as the previous year its decrease in earnings of some 29 percent is the major cause of the drop in the group's retained earnings emanating from associated companies" — Sapa

Scrap price control and State subsidy — report

Price of bread could rise 40 ppc

3/4/11/85 Stan Wheat 136

By Colleen Ryan,
Pretoria Bureau

In a move which could lead to a series of large increases in the price of bread, a Government-appointed commission of inquiry has called for the scrapping of price control on bread and the gradual phasing out of the State subsidy.

The commission's report calls for the abolition of price control on flour and standard bread in October 1986 and the phasing out of the bread subsidy within the next three to five years.

Sources in the wheat industry have warned that, in addition to normal inflationary price increases, the price of bread could

increase between 10 and 40 per cent if the subsidy and price control were dropped.

The commission chaired by Mr F J Davin was appointed to investigate whether the present subsidy system benefited under-privileged consumers.

It found that inflation among the poor had increased steadily in the past two years. But it argued that the present subsidy — of 11,6c on a loaf of brown bread — did not benefit only the poor. It also benefited middle and upper-income groups.

The report conceded that the phasing out of the subsidy would lead to a gradual increase in the price of bread but argued that

free competition between bakers and distributors should ensure that the price does not sky-rocket and that consumers can still obtain standard bread at realistic prices.

To encourage competition and to ensure that the price of bread does not rise too sharply, the commission also recommended that restrictive regulations on the milling and baking of wheat be scrapped in October next year and be replaced with a system of formal registration.

The report recommended that the State should concentrate on direct assistance to the needy and maintain it. It said that aid should be given to Government relief schemes, surplus food be sold at reduced prices to organisations such as Operation Hunger and at schools where children were in need.

The commission also recommended that during the phasing-out period the subsidy be transferred to the Wheat Board to reduce storage and handling costs.

The commission's recommendations were in line with the Government's policy of reducing State interference in agriculture and encouraging free enterprise, said the report.

'Drop bread subsidy'

PRICE control on flour and the subsidy on standard bread should be phased out during the next few years, according to a government-appointed commission of inquiry.

The inquiry has also recommended that more direct state aid be given to the poor and hungry.

The commission, which was asked to investigate whether the present subsidy system benefited underprivileged consumers, said in its report that the price control on flour should be abolished by October next year, and the subsidy on bread phased out by 1991.

Chaired by F J Davin, the commission found that although a phasing-out of the bread subsidy, at present 11.6c

for a loaf of brown bread would lead to price increases it added.

"Free competition between millers, bakers and distributors should ensure that the price does not sky-rocket and that consumers can still obtain standard bread at realistic prices.

The report recommended that instead of subsidising bread, government should concentrate on direct assistance to the hungry and malnourished through relief schemes and bodies such as Operation Hunger.

The commission also said restrictive registration in the milling and baking industries should be scrapped and be replaced with a system of formal registration which would encourage newcomers to join the industry. — Sapa

(186) Wheat

Price of Bread set 18/11/87 to rise

WENTZEL

GERALD REILLY

ANOTHER bread price increase is on the cards for early next year

In Pretoria at the weekend, Wheat Board GM Dennis van Aarde said the increase in the fuel price by 5.9c/l earlier this month and the expected further increase of 6c/l in January would load costs, particularly bakers costs, in the industry to a point where an adjustment in margins would be justified

And, according to industry sources if government refused to provide an additional subsidy — it would be the second such provision this year — the bread price would have to be raised again

The bread price was raised by 5c a loaf from October 7

Had it not been for an additional subsidy of R45m the increase would have been substantially greater

The additional subsidy, which brought the total for the financial year to R245m was said by Minister of Agriculture Greyling Wentzel at the time to be sufficient to hold the bread price at the new level until the end of March, when the price issue would have to be looked at again

Contribution

The additional R45m was made up of contributions of R5m each from the baking and milling industries R15m from the Wheat Board's reserve fund and R20m from the Treasury

Pretoria sources said the bread price in the new financial year would depend on how much the government was prepared to allocate to the subsidy in the 1986/87 budget

Costs in the industry were bound to increase during the year and bakers, millers and producers were bound to seek compensation, they said

Based on this year's total subsidy of R245m the amount needed if government wanted to keep the price at the expected January adjusted level was more than R300m.

However this would also depend on whether government was going to heed the recommendation of the Davin Commission and start to phase out the subsidy next year

COMPANIES

C G Smith ready to grow

C G SMITH is fortunate that 54% of its profits come from usually stable basic-food and food-related activities, says chairman Warren Clewlow in the company's annual report.

But even these businesses are having to cope with the recession and SA's growing isolation, and little improvement can be expected soon on the socio-political front. Clewlow says it is difficult to forecast results for 1986, although half-year results should give a clearer picture.

The group, he says, is well poised to take advantage of a turnaround in the economy. It has invested heavily in production capacity in almost all spheres, with R417m committed in the past year to major projects. It now has modern facilities and sufficient manufacturing capacity to cope with a return to normal growth patterns.

Metal Box spent R40m on a second glass furnace, ICS built a R40,3m dairy complex in the Transvaal, Monitor's sugar-milling capacity was expanded at a cost of R39,7m and Romatex spent R11m on refurbishing its Berg River cotton mill.

In spite of this heavy capex, the balance sheet remains strong, and asset management remains a priority in the group.

Although additional borrowings of R290m were incurred, there was an additional cash flow of R288m from the sale of J Bibby, Princeton Packaging and a small investment in Colgate Palmolive.

The surplus cash reduced the debt:equity ratio from 31% to 26%.

The Bibby sale was a master stroke of timing, which stood C G

LIZ ROUSE

Smith in good stead in difficult times — a delay in capital spending would have resulted in facilities being expanded at much greater cost.

With major projects completed or drawing to a close, Clewlow sees capex being substantially reduced in the current year. However, this will contribute to a substantial increase in tax, because the full effect of the withdrawal of tax allowances will be felt.

C G Smith virtually maintained earnings at 269c a share (270c a share in 1984) before extraordinary items, and the dividend was pegged at 125c for the third year in succession.

Group turnover rose by 23% to R6,2bn, but a 1,4% drop in pre-interest operating profit to R421,6m from R427,7m highlighted the pressure on trading margins.

The subsidiaries which posted profit increases were C G Smith Foods, whose profits rose by 11% to R62,6m, Tiger Oats, with profits up 22% to R40,7m; and Monitor, whose profits jumped 89% to R5,3m. Romatex was worst hit, with profits down 59% at R5,6m. However, ICS, Nampak and C G Smith Sugar performed well under difficult conditions.

With the shares currently priced at R24, the earnings yield is 11,2% and dividend yield is 5,2%. No dividend growth is in sight.

W/E ARGUS 14/12/85

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New food union on the cards

LABOUR AFFAIRS
DICK USHER

UNITY moves among some Congress of South African Trade Union affiliates are well advanced and a new food union is set to emerge next year

According to Fosatu News, published by the Federation of South African Trade Unions which dissolved with the absorption of all its unions into Cosatu, unity talks between two large unions in the industry had advanced to the point where a constitution had been completed

The two unions are the Sweet, Food and Allied Workers Union (SFAWU) and the Food and Canning Workers Union (FCWU) which have a national membership of about 50 000 in more than 250 factories.

More recently the talks have been joined by Cape Town's Retail and Allied Workers Union (Rawu) and moves are afoot to bring in the food sections of the general unions in Cosatu.

The moves are in line with a resolution at Cosatu's recent founding congress to restructure member unions in 10 national industrial unions

Mr Jay Naidoo, general secretary of SFAWU and Cosatu, said the food industry was increasingly dominated by a few large companies and the new union would put workers in a more powerful negotiating position

Merger talks between the Transport and General Workers Union and the General Workers Union are also moving swiftly

Miss Jane Barrett, TGWU general secretary, said the unions had drawn up amendments to the TGWU's constitution and they would probably merge next year

There had also been meetings with other unions in the municipal sector — the Municipal and General Workers Union and the Cape Town Municipal Workers Association

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Let's be merry 186

Whatever the cost, South Africans are eating and drinking more. Private spending on food and drink now tops R20 billion a year, according to a new survey.

The overview, prepared by Consultor Group's Andre de Villiers, indicates that R15,8 billion was spent on food and R4,2 billion on beverages in 1984-1985 — in money terms an increase of nearly 200% on 10 years ago. The average daily food consumption is reflected as 1 kg a head, amounting to 11,8 billion tons for the 37m people in SA and its customs union partners.

However, says de Villiers, although most of the population fits this average, misleading inferences should not be drawn from the statistics because of the obvious shortage of food in some areas.

Nevertheless, the survey proves that South African eating patterns have changed, particularly in the past few years.

It includes figures on 13 major food groups, comprising grains and grain products, vegetables, fruit, dried produce, red

meat, chicken, fats and oils, eggs, sugar, groundnuts, rice, dried beans and peas and cocoa. It also clearly shows the marked changes in consumption and in industrial production of food.

For example, the per capita annual consumption of chicken, by weight, increased 476% between 1960 and 1983 and the consumption of alcoholic beverages increased at a rate of 3,7% a year between 1977 and 1984.

A drink is regarded as 15 mm of pure alcohol (an average tot) and the actual per capita consumption increased from 245 tots to 360 tots. Sales volume (including sorghum beer) increased 7,3% a year over the same period and the retail value of sales increased 18,8% a year.

In terms of industrial output, the survey shows the heavy losers between 1980 and 1984 as condensed milk (with a 30% decline in production), canned fruits (-31%) and tinned meat (-15%). The winners in the same period were tinned fish with a 90% increase in production, poultry products up 38% and cheese products up 39%.

Maize meal production remained fairly static with an average annual increase of only 3%.

De Villiers has also compiled information on the regional distribution of food processing factories, the productivity of employees, values of intermediate inputs, sales values for various foods and alcoholic products, imports and exports, advertising expenditure and R&D efforts.

For instance, only 267 people were involved in food technology research in 1981-1982, compared with almost 20 000 involved in SA's total R&D effort.

Advertising expenditure on food products is broken down into press, outdoor, TV and cinema and radio sectors. These figures reinforce the changing consumption pattern, with TV and cinema adspend on fish products increasing 720% between 1980 and 1984 and that on dairy products increasing only 267% in all sectors during the same period.

MANUFACTURING — FOOD

1986

FEB — Sept — D.

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Turmoil after Methven's death

Vicious price war looms over chickens

BUS DAY 17/2/86 ~~POETRY~~

186



THE death of Rainbow Chicken's chairman Stan Methven could throw the R1,2bn frozen chicken industry into turmoil and spark a vicious price war.

Speculation in the R23m-a-week industry is that there will now be aggressive control bids from South Africa's major food groups for Rainbow.

These include Premier Milling, which has 19% of the market, Tiger Oats, which has a 50% stake in County Fair which in turn has 12% of the chicken market, Sanlam's Fedfood and Anglovaal's I & J. Rainbow chickens are distributed through I & J.

Methven, 57, died in a motorcycle accident in Monte Carlo on Sunday night. He was MD and chairman of Rainbow Chicken Farms, estimated to own 38% of the frozen and chilled chicken market. Pick 'n Pay's Raymond Ackerman said

FRED STIGLINGH

Methven was the founder of the frozen chicken industry and "a real free marketer who often caused chicken prices to go down".

Ackerman said that control of Rainbow by companies with chicken interests such as Tiger Oats or Premier Milling could have serious consequences for consumers, as it would lead to "concentration of power" through merging of chicken interests.

"Historically, this has always caused prices to rise," Ackerman said.

Consumers, he said, would benefit most if Rainbow remained independent. "The second best option for consumers would be a takeover by Anglovaal or Fedfood, as this would keep Rainbow out of the Tiger and Premier camps."

Ackerman said large feed companies

● To Page 2

Price war looms

17/2/86 BUS DAY

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such as Fedfood "need chickens to get rid of their feed".

Fedfood chief executive director Francois Rossouw said the company had not had plans to enter the broiler chicken market, and doubted whether it would be capable of absorbing an operation the size of Rainbow.

He saw distribution infrastructure as a major obstacle.

Anglovaal Industries' frozen foods

division executive director and I & J MD Jim Williams refused to comment beyond saying there should be no change in distribution arrangements of Rainbow produce.

Premier Food Industries chairman Peter Wrighton praised Methven as a "great South African businessman and entrepreneur."

● From Page 1

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Cape Times, Wednesday, February 19, 1986

Workers continue 'sit-in'

JOHANNESBURG — About 100 members of the Sweet, Food and Allied Workers' Union who went on strike on Monday at Renown Pork Packers, Olifantsfontein, slept at the factory on Monday night and continued their "sit-in" yesterday.

The SFAWU members went on strike when negotiations on wages reached deadlock.

The union is demanding a minimum wage of R138 a week compared to the present minimum of R64. A SFAWU spokesman said management's offer is R83.

Negotiations stalled yesterday when the company demanded workers return to work before talks resumed, said a union organizer.

Workers, angry because of periodic police presence at the factory, were refusing to go back to work.

Management has not yet commented on the strike.

— Sapa

Workers' picket sets the capitalist pigs a-squealing

20/2/86

By Sheryl Raine

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A two-day wage strike at a pork processing plant near Olifantsfontein this week was a relatively normal hiccup in industrial relations. Adding to the problem, however, were scores of hungry pigs.

Not only were workers demanding more money so they could "take home the bacon", the animals from which the bacon is made had urgent demands of their own.

When wage negotiations broke down on Monday, workers formed an effective picket at the company gates, preventing all deliveries and access to the premises. Workers slept in the factory and sat-in at their work posts.

Trucks laden with feed for the live pigs housed on the premises of Renown Pork Packers were turned away.

Yesterday, when about 100 members of the Sweet, Food and Allied Workers' Union went back to work and wage negotiations got back on course, the pigs happily waded into a welcome dinner.

25/2/86 BUS DAY
Cash assets raised by R29m

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Rejuvenated Tongaat Foods set for growth

TONGAAT FOODS, in a major overhaul, has rid itself of under-performing assets and increased its cash resources by R29m.

Simon Dougherty, MD of SA's fourth-largest food producer, said yesterday the company — a member of the R1,8bn-a-year Tongaat-Hulett group — was financially in a position to grow organically and to acquire established food businesses.

When Dougherty took over as MD of Tongaat Foods two years ago, he was given the mandate to streamline the company.

In his first year he produced a R20m cash flow by improving working capital through a squeeze on debtors and stocks. In his second year he released R29m by disposing of loss-making operations with no long-term prospects.

The margarine, asparagus, canned pet foods and the bird and fowl feeds operations have been sold. The Kempton Park animal feeds plant, the Vryheid animal feeds plant and feed lot, the Maidstone pelletising plant and a number of depots have been closed.

"The breakfast cereals operation will be phased out by mid-year and the assets sold," Dougherty said.

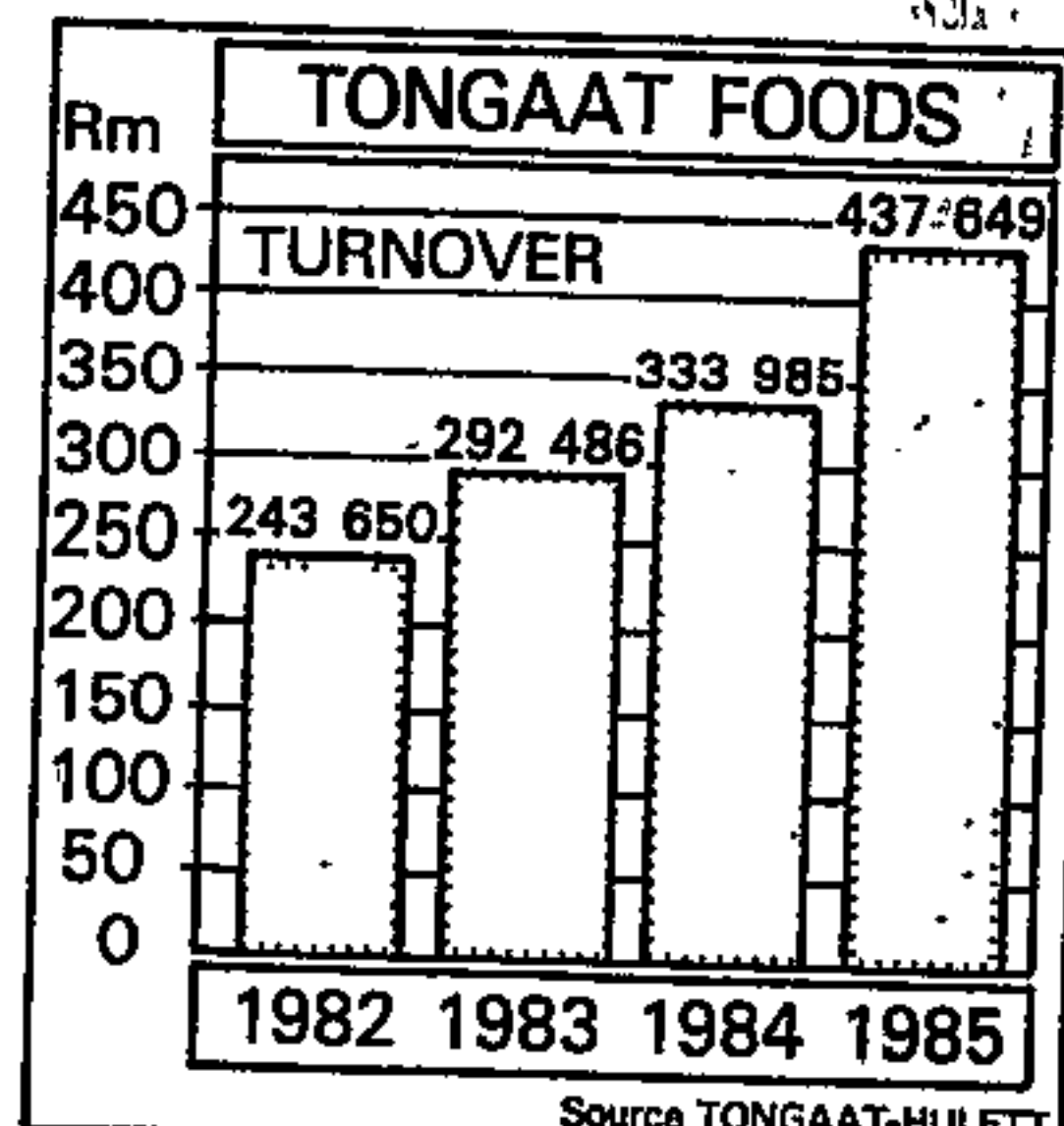
"All these businesses, except for margarine, were ancillary to Tongaat Foods' acquisitions over the last 10 years. The company tried to continue with them, but profits were not good and were going down," he said.

"They all had small market shares, were competing against major rivals and involved high costs on advertising and promotions on an insufficient base.

The operations closed or sold contributed about R50m to Tongaat Foods' annual turnover in 1984/85 of R437,6m. About 209 of 6 000 workers lost their jobs.

The benefits of the rationalisations will only be felt in the financial year to March 1987.

"I believe that our food company, having gone through the rationalisations of the past few months, is going



LINDA ENSOR

to be well-placed because once we have got an adequate return on capital employed, we can expand," he said.

Tongaat Foods' core businesses have been re-organised into five streamlined divisions.

□ Maize and animal feeds, combined into one division headed by Bill Florence, with Wynand Greeff as MD of Natal operations.

"This restructuring overcomes the difficulty of dual management of integrated plants and will provide a vehicle for the more effective management of the division."

□ Edible oils. The Natal and Kempton Park refineries are to be consolidated into one operation under MD Ian Baxter.

□ A mushroom division under MD Deryk Champkins. Tongaat has invested R8m in a facility at its Western Cape project, which becomes operational next month.

□ A cotton division which gins 39% of SA's crop was strengthened by the acquisition of the SOS cotton gin in Swaziland two months ago. At the helm is Giel Steyn.

□ A marketing and distribution division under Rex Glanville, encompassing Tongaat Foods Distributors, Cashmart wholesaling and a marketing function for all divisions.

CAT Trails
4/3/86

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Sustained recession knocks Bakers Group earnings

JOHANNESBURG — The sustained recession resulted in both volumes and profit margins in almost all the divisions of the Bakers Group remaining depressed

Profit before taxation declined by seven percent to R12 740 000 from R13 682 000 for the year-ago period, profit after tax declined 13 percent to R6 385 000 (R7 306 000)

Profit attributable to ordinary shareholders also declined by 13 per-

cent to R6 453 000 from R7 397 000

Earnings a share was down to 227c (260c)

In the interim report, the directors said the group's profits were also affected "by the arbitrary decision of the authorities to recover a total amount of approximately R5m from the national baking and flour milling industries as a voluntary

contribution towards reducing the cost to the State of the bread subsidy"

The directors said the unpredictable socio-political situation in the country and the effect it has had on the economy made forecasting for the second six months of the year difficult

"However, based on present indications, it is

unlikely that the group will reach the level of profit achieved in the previous year" — Sapa

Row over 36 cans of fruit threatens Portsmouth health

The Star Bureau

LONDON — Three dozen cans of South African fruit have become the issue that is threatening the health of the people of Portsmouth

This is the quantity of South African products which Portsmouth's area health authority buys every month. And 10 storemen, employed by the authority, have refused to handle it.

The resulting disruption is escalating to the point where Portsmouth's three main hospitals could be closed to all but accident and emergency cases.

The health authority has locked the storemen out and called in alternative contractors to do their work

The storemen, backed by lorry drivers who work in the authority's divisional depot, began their stand over South African produce in January. The men, members of the National Union of Public Employees (Nupe), took random strike ac-

tion when the authority refused to ban South African goods

The authority responded by bringing in outside contractors. Spokesman Mr Dennis Gibson said "It would be easier for us to maintain a level of service if they (the Nupe workers) stayed out altogether and allowed us to find alternatives by bringing in contractors, or calling for management volunteers"

The Nupe men were then locked out. Union spokesman Mr Richard Jewison said "We have no choice. We are not on strike. We are not refusing to work. Our members are there and able and willing to do the job."

"A very small proportion of the health authority's produce comes from South Africa. There are alternatives available. Even if there weren't alternatives available, the work is still there for our members to do"

After a day-long meeting between the health authority and Nupe on Tuesday, Mr Jewison said the two sides were edging toward an agreement but there was still some way to go.

"The authority is not prepared to back down on its insistence that its employees do the full range of the work, which includes handling South African goods," said Mr Jewison

"We, on the other hand, want an agreement that establishes the right for storemen, acting on deeply held convictions, not to handle apartheid-soiled products"

"However, we have a problem. We want to continue our campaign but how the whole district is on accident and emergency status. And our members are not prepared to take action on behalf of the suffering in Africa which inflicts suffering at home"

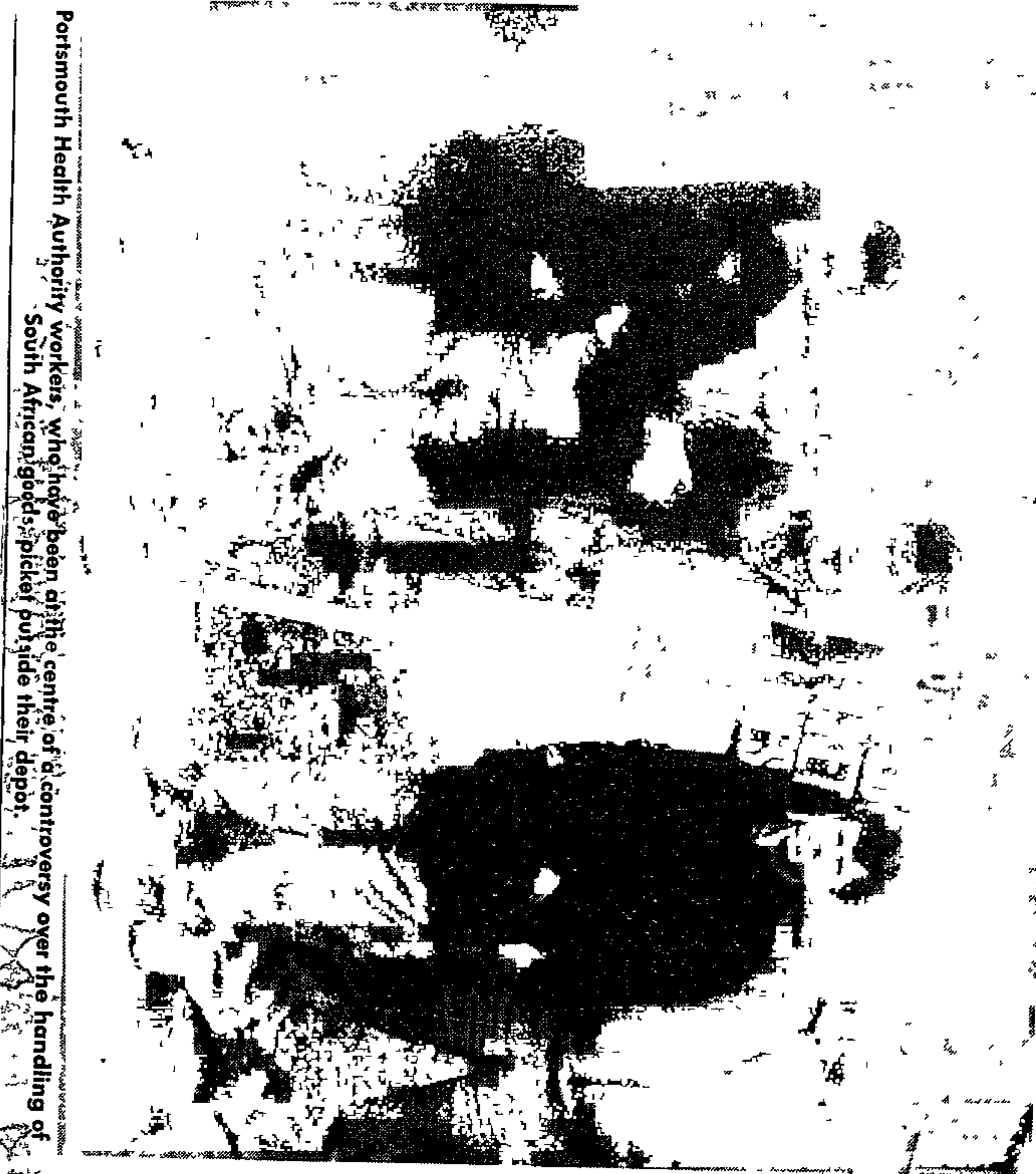
"So we're not prepared to escalate this to the point where it affects patients — we'd rather back down. We're looking for a solution but we're not going to

crawl back to work."

The depot in Portsmouth industrial area contains medical equipment (but pharmaceuticals), cleaning equipment and stores for Portsmouth's three hospitals, the Queen Alexandra and St Mary's general hospital, and St James's, a psychiatric hospital, as well as several small hospitals in the area

Mr Tony Duke, standing in the picket line outside the depot on Tuesday, said "We are not to affect patients. There is no point in that. We have hindered the delivery or removal of items of medical equipment at all — just things like cornflakes, the lack of which means a lot of hassle, but it is life-threatening"

The men on the picket line are confident of their ground. "We know that 36 cans of fruit a month isn't going to change South Africa's policies," said Duke, "but it's creating publicity and getting attention here"



Portsmouth Health Authority workers, who have been at the centre of a controversy over the handling of South African goods, picket outside their depot.

12/3/86

Dispute over 'dismissal' at PE bakery resolved

Post Reporter

THE dispute between workers and management at Mr Crusty Bakery that led to a walkout by all the African staff at both outlets today has been resolved

The workers — who downed tools after demanding the reinstatement of a worker they claimed had been unfairly dismissed — agreed, after talks with the Sweet and Allied Workers Union, to go back to work even though the worker was not reinstated.

The manager of the bakery, Mr Max Redman, said a representative of the union, Mr Lucky Dindale, agreed last week that the worker, Mr William Notsiooa, had left of his own accord and had not been fired.

The dispute was solved today after Mr Dindale came to speak to about 20 hourly paid African workers from both the Greenacres and Westbourne Road outlets on the issue.

The workers agreed to return to work.

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E-105
12/5/86

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Pay strikers defy bosses 1 000 fired

Staff Reporters

MORE than 1 000 workers at Irvin and Johnson's Woodstock branch, on strike for higher wages, were dismissed when they defied an ultimatum to return to work.

The workers, all members of the Food and Allied Workers' Union (Fawu), went on strike on Tuesday demanding an across-the-board increase of R16 as opposed to the R12 offered by management

Workers said about 1 200 employees, including day and nightshift workers, out of a workforce of 1 600 went on strike on Tuesday

Mr C Atkins, group general manager of the seafoods division, said his company has an agreement with Fawu which lays down a procedure for wage increases

He said I&J was following this policy

A spokesman for Fawu said it was "not union policy to comment until there is a total breakdown — we are still talking".

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GATTI
7/6/86

Ice cream workers fired

GATTI'S Ice Cream fired half its workforce on Wednesday after they went on strike to protest against the dismissal of two organizers of the South African Allied Workers' Union (Saawu).

The strike — which involved an estimated 60 workers — was called on Friday after Gatti's dismissed a second member of the union's committee at the factory. The first member was fired earlier this month.

A management spokesman confirmed the dismissal of the striking workers yesterday.

He denied that the two committee members had been fired because of their union activities but declined to give reasons for their dismissal.

Saawu's response to the dismissals may not be published in the Western Cape in terms of the emergency regulations.

COMPANIES

Cadswep loses fizz in a depressed market



● CILLIERS

CADBURY SCHWEPPE'S earnings should improve this year, based on expectations of modest market growth, says chairman Charl Cilliers in the annual report.

He attributes the economic decline in recent years to socio-political issues.

"South Africa's immense economic potential will not be realised until all its peoples are able to participate fully in the political life of the country"

The company's prospects will depend to a large degree on how such issues influence the economy and the value of the rand.

Cilliers believes that the economy will improve this year and that the rand will average no less than \$0,45c

Cadswep's sales of beverages and confectioneries were hit by the decline in white spending power and, in particular, by black unemployment and unrest.

LIZ ROUSE

Margins were squeezed by the soaring rand costs of cocoa

Costs could not be passed on to consumers in a competitive and depressed market

These factors had a severe effect on the confectionery division's profits

Cadswep's capital spending geared down in 1985 to R6,2m, spent mainly on modernisation projects started in previous years

Cilliers says only essential capital projects will be undertaken this year and no long-term development programme will be initiated until the economy is on a firm road to recovery

Cadswep maintained its dividend at 64c last year although earnings before extraordinary items were down 32% at 107,2c.

Restructuring of the group's interest in Amalgamated Beverage Industries resulted in a surplus of

R2,65m, which lifted bottom-line earnings to 158,2c (157,5c in 1984).

Net cash inflow was R7,8m before capital expenditure.

The current asset ratio improved to 1,4:1 from 1,2:1 and total interest-bearing debt to shareholders funds declined to 0,39:1 from 0,46:1.

Net asset value was R10,38 at the end of December.

Current market price is R17.

With the historic dividend yield at 3,8% the share is probably full priced on unexciting prospects.

The beverage companies are becoming interlinked, with Suncrush, Cadswep, Dalys and the soon-to-be-listed Tempora having cross-holdings.

Further Dairy Belle strike action possible

THE Food and Canning Workers' Union (FCWU) has warned that strike action at Dairy Belle in the Transvaal could spread to the company's factories in other major centres if dismissed and suspended workers were not re-instated.

This follows the dismissal of several hundred striking workers at Clayville, Midrand, on Tuesday and of another 75 at one of four strike-hit depots yesterday.

Dairy Belle's Dan Waldeck said the remaining 330-plus strikers at the depots had been told to return to work and bring their grievances to management through legal procedures.

CLAIRE PICKARD-CAMBRIDGE

Jant Theron of the FCWU said Dairy Belle workers in Cape Town and Bloemfontein and workers at other Imperial Cold Storage (ICS) companies on the Reef had demanded that managements assist in securing the re-instatement of fired Transvaal workers

Theron said the FCWU had also asked Barlow Rand to bring influence to bear on ICS, which is one of its subsidiaries.

ICS industrial relations manager Hilgard Bell confirmed union approaches to some ICS operations, but said he was

unaware of requests to Barlow Rand.

Strike action began at the Clayville factory last Monday, with workers demanding that management treat the factory and the depots as one negotiating unit. But Theron says this original issue could have been settled if management had not suspended three shop stewards "after workers had resumed work, on the union's advice"

Waldeck says workers struck illegally in the first place and that eye-witnesses had seen the three shop stewards assaulting casual labourers

The union has denied the assaults

CITY P. 13/4/88

Father queries detainee's health

AN URGENT court application demanding that police produce reports concerning the mental and physical condition of a detainee was heard by the Ciskei Supreme Court this week.

The application was brought by Mdantsane Anglican Church Deacon Rev Wellington Mabuto, on behalf of his daughter Zolelwa, who was detained by Ciskei security police on March 11.

Zolelwa, an organiser for East London's Domestic Workers' Union, is being held under Section 26 of the territory's National Security Act, which provides for indefinite detention without trial.

In an affidavit, Rev Mabuto said he had been informed that his daughter was seen at the consulting rooms of Alice District Surgeon Dr F Seegers.

Lawyers for the Ciskei police agreed to give Rev Mabuto details of his daughter's mental and physical condition, as well as details of any complaints she may have made.

The matter will again be heard on April 25 if Rev Mabuto is not satisfied with the report - Veritas News Agency.

CITY P. 13/4/88

Dairy calls cops to remove strikers

186 BY ZB MOLEFE

The Food and Canning Workers' Union has threatened strong industrial action against SA's biggest dairy group after scores of cops forcibly removed striking workers from a Pretoria plant on Friday.

Dairy Belle Corporation management said the action was taken because the 350 workers had defied a Supreme Court order granted against them early this week.

But FCWU general secretary Jan Theron warned Dairy Belle that its action was courting confrontation with trade unions such as the Retail and Allied Workers' Union and the giant Congress of SA Trade Unions.

"All these groups are watching Dairy Belle. We deplore the company's action in using police to settle labour disputes," said Theron.

Workers downed tools on Friday after the stewards' vice-chairman was stopped from entering the factory.

The cops were then called in.

There has been a dispute at the factory since management used temporary workers on Easter Monday.

STAR 16/4/86

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Ultimatum for abattoir strikers

About 100 black workers at the SA Abattoir Corporation in Bloemfontein have been given until today to return to work or face dismissal

The workers, members of the unregistered Retail and Allied Workers' Union (Rawu), went on strike on Monday demanding union recognition. The corporation, a statutory body, does not recognise unregistered unions

Rawu's Bloemfontein branch secretary, Mr Ronnie Petersen, said the union applied to the Department of Manpower in January for recognition but has not had a reply. He said the union represented 90 percent of the black workers at the plant

He said production at the abattoir had been affected by the strike and local butchers were having to load and collect their own meat

A spokesman for the employers said the corporation's board of directors had decided not to recognise unregistered trade unions and would not be "manhandled" into reversing that decision. The corporation had conveyed its position to Rawu and would be happy to discuss recognition with the union once it was registered

The spokesman said the ultimatum to return to work had been issued because live animals could be affected by the strike. He said meat supplies to Bloemfontein had not and would not be disrupted

Orange Free State have been
... in the same period

Dairy Belle hires guards for replacement delivery drivers

186 17/4/86 STAR
Dairy Belle in Pretoria has hired security guards to protect drivers of milk delivery vans employed to replace 500 black employees dismissed for striking

A company spokesman said after intimidation of replacement drivers supplied by an outside contractor, guards were hired to accompany milk rounds from the company's Clayville factory in Pretoria

About 1 000 Dairy Belle workers organised by the Food and Canning Workers' Union (FCWU), are still on strike at three Pretoria depots and the Turffontein West depot in Johannesburg

The dispute between the company and the union began at Clayville two weeks ago. About 500 black employees went on strike, demanding the reinstatement of three shop-stewards dismissed for allegedly using violence on workers hired to replace them during a previous strike. The union denied the claim of violence.

When Dairy Belle dismissed the 500 strikers, workers at four other depots went on strike, demanding their reinstatement.

The company has so far dismissed 75 sympathy strikers from the Koedoespoort depot in Pretoria.

Mr Jan Theron of the FCWU said a meeting had been arranged with the company for Sunday to discuss the situation.

60 in court after necklace killings

STAR 17/4/86 38
More than 60 people appeared in the Sekhukhune Magistrates Court on Tuesday and Wednesday in connection with the deaths of 32 suspected witches "necklaced" at the Lebowa villages of Makgane and Nchabeng recently.

Lebowa Police liaison officer Major Thys du Preez said the case was postponed to May 15 pending further investigations.

He said the bodies of three other people who had been burnt to death were found at Spruitkraal, also in Lebowa. Several people have been arrested in connection with the killings. Police investigations were still continuing on the killings at the two villages.

● See Page 15.

Pulco to cut Vaal Dam level is still falling

abouts of some arms caches, in-

Vryheid Warrant Officer

The hearing continues

Dairy strike ends as workers reinstated

A two-week strike by about 1,000 Dairy Belle workers ended yesterday after a meeting between the company and the Food and Canning Workers' Union

The strike affected the company's Clayville factory in Pretoria, three Pretoria depots and the Turffontein West depot in Johannesburg

The dispute began at Clayville when about 500 black employees went on strike, demanding the

reinstatement of three shop-stewards dismissed for allegedly assaulting workers hired to replace them during a previous strike. The union denied the assault claim.

Dairy Belle dismissed the 500 strikers. Workers at the other depots went on strike, demanding the reinstatement of their colleagues. The 500 have been reinstated. An arbitrator has been appointed to consider the case of the three shop-stewards.

Good times roll!



Carmel cucumbers
sweet 'n tangy
500 g

BIRTHDAY PRICE

Hulett's icing or castor sugar
500 g

BIRTHDAY PRICE

Denny sliced mushrooms
285 g

BIRTHDAY PRICE

each

Silverstream mushrooms
pieces & stems
285 g

BIRTHDAY PRICE

Ocean Fresh

Talks follow
sleep-in strike
at factory

STAR
25/1/86
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Negotiations will continue today with the Sweet, Food and Allied Workers Union and Renown Pork Packers in Olifantsfontein following a sleep-in strike during which workers barricaded themselves in the factory.

About 120 employees downed tools on Monday following the dismissal of a worker for alleged possession of dagga

They refused to leave the premises for two nights

A Pretoria Supreme Court order was issued on Wednesday restraining workers from preventing entry to and exit from the premises and the worker returned to work yesterday.

25/4/86 WUSDAY

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THERE is no guarantee to successful franchising, according to Mike Hall, franchise director of Wimpy Restaurants. "It depends heavily on the quality of input by both parties involved," he says.

But what does it take to be a successful franchisee in the catering business? "Enthusiasm, energy and the will to succeed," says Hall.

"A franchise agreement is a business agreement, and the franchisee is trading on his own resources as well as on the franchising company's brand name.

"He has to have confidence in the brand, but he also has to have the self-motivation to make it work for him. This demands initiative as well as ambition.

"It's not enough that the prospective franchisee has the money to back his application. The franchisor is making an equal investment — in the managerial skills and business acumen of the applicant.

"The money up front is only the first step towards establishing a successful operation, and no franchisor can afford to take on anyone without

No guarantee to success — Wimpy chief

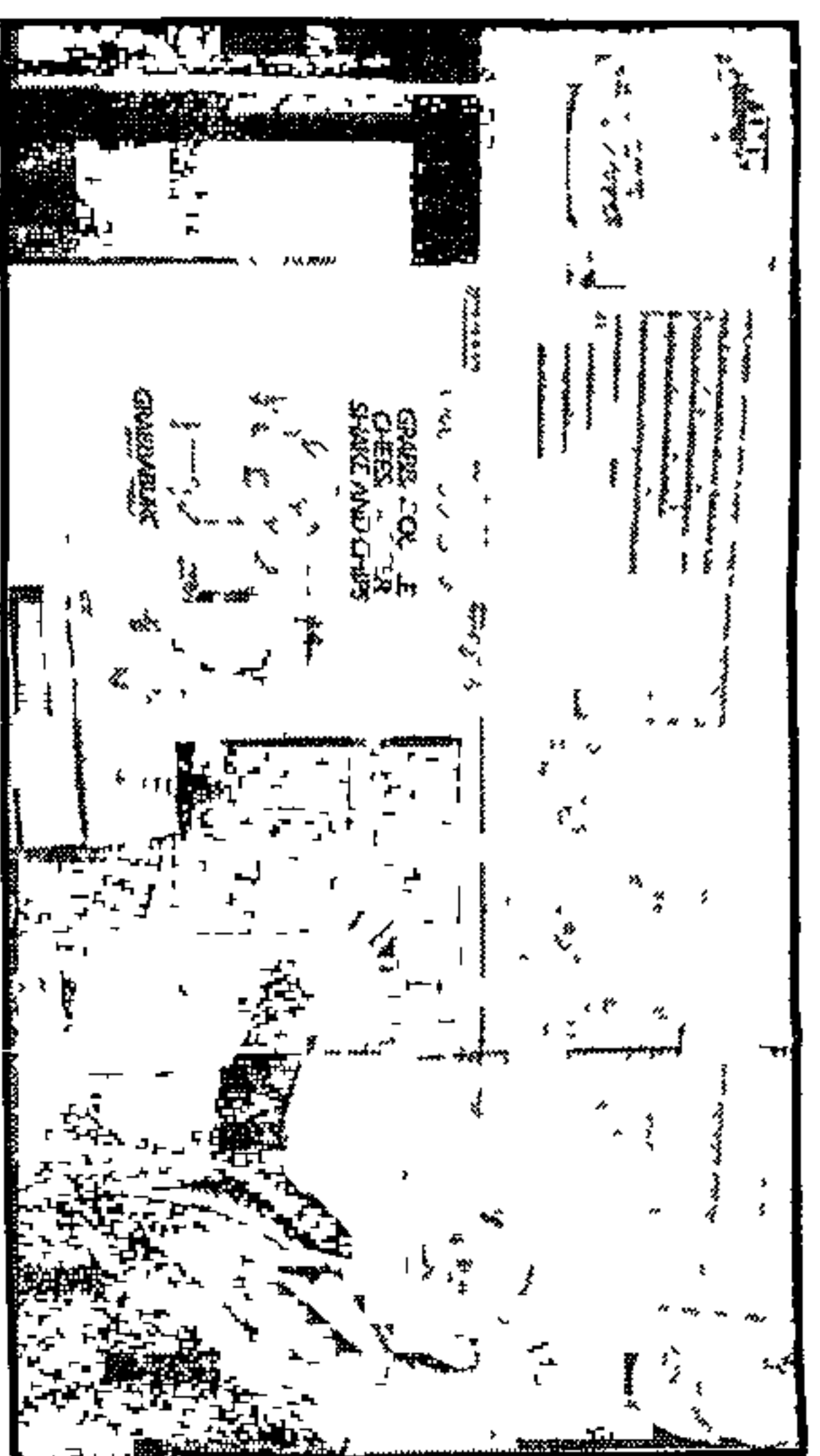
the necessary abilities. This does not mean that the franchisee should have either a business or a catering background.

Wimpy, as with most franchising operations, helps the franchisee set up his outlet and provides an extensive training course which covers all aspects of restaurant management — from hygiene and staff management to control systems. Thereafter, a

Wimpy representative makes regular calls on franchisees as a back-up consultancy service.

"Taking on a franchise operation demands the same mental and physical input as starting any independent business from scratch, and a realistic approach to personal finance," says Hill.

"The advantage is that the franchisee has a substantial amount of secur-



Wimpy's Mike Hall... the ingredients for success

ity because of the franchisor's acumen and the strength of the brand name.

"We don't impose any age limits on our franchisees, but we do expect them to be mature enough to take responsibility for their own success, which depends on their ability to adhere to the controls and systems specified by the franchisor.

"It is, by its nature, a sociable in-

dustry. The franchisee must like people and be sensitive to their needs. He must also fit into the community he is serving.

"He is also going to depend quite heavily on the skills of his kitchen and serving staff, and it's important that he can communicate authoritatively, but pleasantly. His attitude to his staff must be right or he will lose their vital support."

Fresh food idea nets juicy profits

ANNABELLE GORDON

ANNUAL sales for the fast foods industry are estimated to be more than R200m. It is a growth industry, with convenience foods playing a more important part in our society every year.

Just how successful franchising of a fast food chain can be is shown by the recent listing of Jucy Lucy on the Capital Development Market division of the Johannesburg Stock Exchange.

From issue price of 27c, the share — which was heavily over-subscribed — soared to 120c before dropping back to 103c, the last figure at which it was traded, according to the JSE price listings published in *Business Day* yesterday.

Jucy Lucy is a concept directed at a specific segment in the fast food market. In this day of preservatives, artificial flavours and junk foods, real fresh food and drink is a rarity.

All of the Jucy Lucy products are freshly made every day. Combined with this is a corporate image and unique product mix.

Jucy Lucy is professional, it has simple operating techniques and is highly profitable. It offers fast service and quality to its customers and minimises risk for investors.

The setting-up cost is relatively low, says franchising director Terry

McPhail, and returns are good. Most businesses require a large investment in stock — not so with Jucy Lucy. The concept was started in 1973 and there are currently more than 92 stores throughout SA.

McPhail says, "Once we have mutually agreed to on a franchise venture, the option and franchisee fee becomes due and payable. The option/franchise fee totals R15 000. It is composed of R7 500 option fee (secures the territory while finding a site) and a R7 500 franchisee fee.

"The option fee may be forfeited if the venture does not go ahead, but the franchise fee would be returned. This is a one time payment and is not repeated.

"Once a store opens you pay monthly, 7% of gross sales as royalty. This entitlement continued use of the trademarks and expertise. In return for a royalty you benefit from on-going support services, such as bulk purchasing power, on-going training, new product development and any other assistance needed.

"In addition, franchisees are required to contribute 3% of gross sales to the national marketing fund. Franchisees have a say in how this money is spent."



GEORGE SOMBONOS... 25 outlets in just four years

Chicken giant is laying golden eggs

GEORGE SOMBONOS heads the fastest-growing fried chicken empire to emerge here, built up in just four years.

The Chicken Licken chain started as a small operation in a converted roadhouse near Uncle Charlie's, which today boasts an annual turnover of at least R10m.

Sombonos says he expects to have 40 restaurants by the year-end. "Black and white franchisees are being given the opportunity to make an excellent net profit based on a capital investment of R130 000," he says.

Franchisees are given training, uniforms and promotional advice free, and pay 5% of turnover in royalties and 2% in advertising.

"If SA is to follow the footsteps of the US, then fried chicken is in for the big-time spending," Sombonos says.

"Chicken is a low-priced product and the black market in particular likes the good value for money it gets.

"As more and more wives go out to work, the take-away food business grows in this country. We are competing with butcher shops now, as housewives compare our ready-to-eat prices with those of still-to-be-prepared red meat prices."

The restaurants at Ridgeway, Pinville, Kew, Warmbaths and Alberton are affiliated to Total garages, which is found to be of mutual benefit.

The garages have reported higher petrol sales since the Chicken Licken restaurants have been established, he says.

Outlets sell an average of 10 000 pieces of chicken a week using a special recipe that Sombonos bought for \$1 000 from a fast-fried chicken operation in Waco, Texas.

Research on where fast foods are going

RESEARCH conducted on behalf of the Mr Rooster fried chicken chain reveals fascinating facts that have given direction to the establishing and running of its franchisees.

MD Philip Cross says a total of 32 000-tons of chicken were purchased by the fast food industry in 1984, representing some 90-million meals.

"The industry continued to grow in 1985, with chicken portions accounting for some 80% of the market which is shared equally by chain groups and independents, but with the chain groups forecasting gains well in excess of the independents in the next few years," he says. "Main preferences in fast food are chicken, then fish and chips.

"The purchaser's selection of a store is decided on quality, friendly, quick service and hygiene levels and consumers are becoming more critical of these factors as their choice of store increases.

"Black/white take-away chicken eating patterns are somewhat similar, with black buyers looking for longer opening hours. The decision of where to buy is made by all members of the family, but mother appears to have the final say.

"The ratio of black/white spending

PHARMACY

QUICK PRINTING

FAST FOODS shoe repairs

FRANCHISING

A Business Day Survey

on fast foods has now reached a level of 1:2. It is noticeable that the buyer often adds her own personal touch to the meal after it has been taken home.

"The market has become highly competitive, with a trend towards health foods still developing. Poultry and fish are continuing to grow at the expense of red meats.

"As economic pressures force more housewives to join the labour force, the trend of buying more take home meals will increase.

"Chain fast food sales are forecast to grow by some 100% in real terms over the next five years, present depressed economic conditions may move forward again."

Another JSE listing

IN 1972 an astute businessman by the name of Mike Illton opened a Mike's Kitchen in Greenside with the concept of running a fun, family food place which gave good value for money. It soon became known for its specialties, such as special spare ribs and an extensive salad bar, so he expanded to a chain of 11 restaurants.

In 1983 another astute businessman, David Lewis, purchased Mike's Kitchen and went into an expansion drive planning 39 more outlets — franchised — in three years. Now there are 43, with several more in the pipeline.

Lewis is looking for franchisees with R15 000 franchise fee and substantial cash resources — say R100 000. After that there is a 5% royalty and an advertising levy of

er into copy it, head office which is why," says Mike Illton. The company foods and take Franchisees for the DCM JSE. Shares will the general public able to franchise

Central kitchen pays off . . .

SITING and using a central kitchen are two important factors when considering a food franchise. Both worked for the Bimbo's Fast Food Group, which has been in existence for more than 15 years.

The franchise company started four years ago and its course has been strictly guided on a "hands on" basis by brothers Alan and Laurie Davidoff. They decided from the start that the method of growth would be via franchising, though they have retained ownership of three of the outlets.

The organisation is now well established north of Johannesburg, situated on all strategic main roads, with highly visible sites. The most recent developments are stores in Pretoria and Alberton.

Bimbo's is one of the few fast food chains to offer its franchisees a total service, through the establishment of a central kitchen which is able to supply each franchised store with its full requirements on a daily basis.

Consequently, each individual outlet is able to operate efficiently without having to depend on outside sources of supply.

605307 29/4/86 (186)

Dairybelle interdict over strikers granted

An order interdicting striking Dairybelle workers from intimidating and assaulting other employees, destroying property, interfering with deliveries or preventing entry to and exit from the company's premises in Midrand has been confirmed in the Pretoria Supreme Court.

ICS products, trading as Dairybelle, brought the application.

The company, of Clayville Road, Midrand, asked that about 550 striking workers leave the premises unless they wished to work and be interdicted from interfering with the conduct of Dairybelle's business.

Mr Justice F C Kirk-Cohen granted the interdict. In an affidavit, GM Dan Waldeck said there was a stayaway on March 31.

On April 1 workers returned, but some temporary staff were assaulted and an inquiry was held. Although no decision was taken, workers went on strike. — Sapa.

11/5/86. (186) Bus DAY

Tongaat cuts final, hopes for better

STEPHEN ROGERS

TONGAAT-HULETT performed better in the second half after an 88% slump in earnings at the interim stage

The year-end earnings decline was limited to 60% — at 24,2c a share, compared with 60,3c in the 12 months to March 1985

The final dividend has been cut to 9c (16c), making total distribution of 12c — down 60% on last year's 30c

Dividend cover has been maintained at two times

The results are in line with chairman Chris Saunders' statement at the interim stage that the bottom had been reached and the second half would produce better results

The group attributes the improvement to stemming of losses in the textile division, combined with better performances by the starch and sweeteners and aluminium divisions

Profits for the current year are expected to show an improvement

Group performance must be seen in the light of the 49% drop in earnings the previous year

Despite a recovery in world sugar prices, contributions from the sugar division, as well as from the foods division, were little changed from last year

The building materials division — which operated at 58% capacity for most of the year — suffered a substantial decline in earnings, making only a small contribution

The industries division was hit by a decline in profits, with losses in the engineering operations adversely affecting results

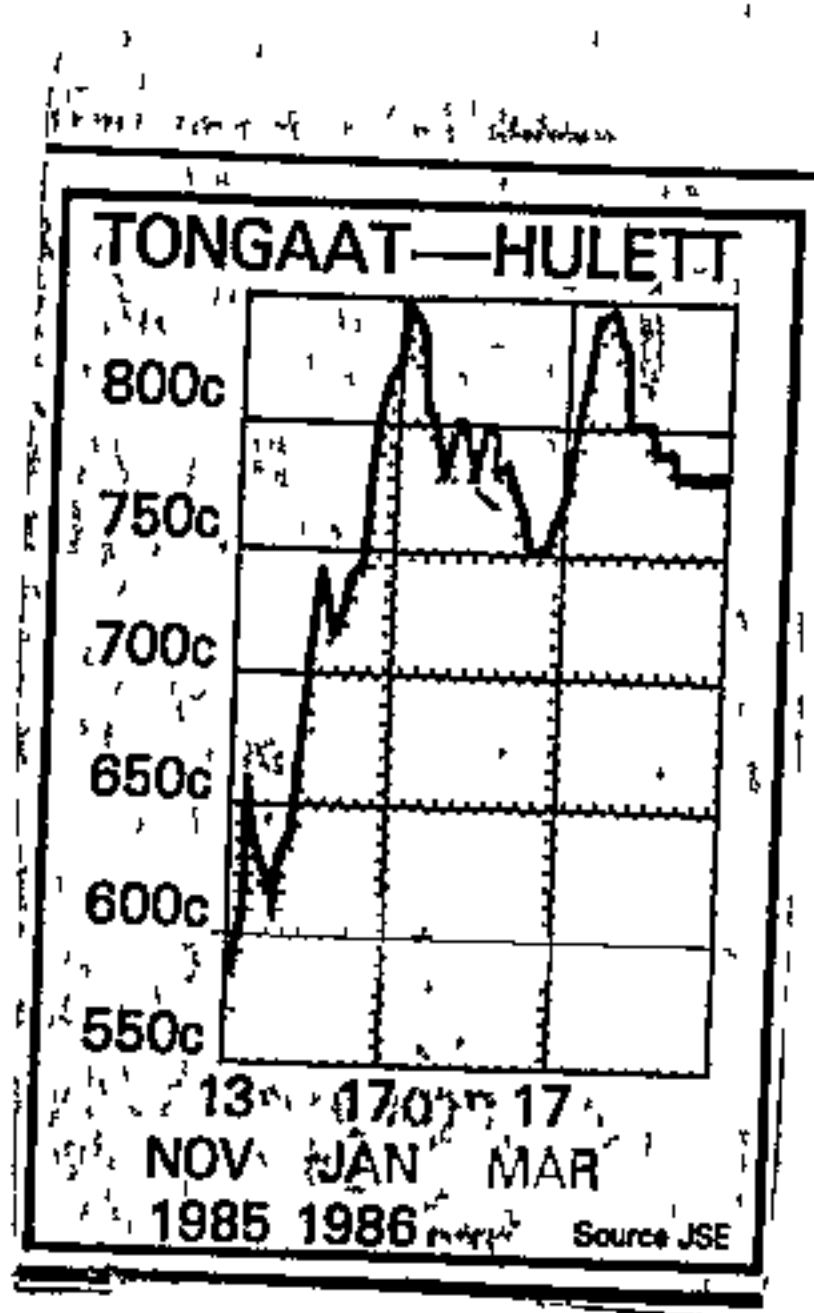
Turnover increased marginally from R1,8bn to R1,85bn. But with trading margins down to 7,4% (9,7%), operating profits fell 22% to R137,4m (R175,7m)

Interest charges were relatively unchanged at R99,5m (R102,0m), leaving pre-tax profits 48% down at R72,8m (R137,4m) and interest cover at 1,4 (1,7)

A higher effective tax rate of 35% (23%) and minorities of R6,7m (R11,6m) left attributable income at R17,8m (R44,2m)

After falling to a low of 580c late last year, Tongaat shares recovered to a 12-month high of 845c — on expectations of a better second-half and a better world sugar price — before settling back at 750c yesterday. At that price it yields 3,2% on earnings and 1,6% on dividends

Although the worst may be behind, the shares appear over-priced



Canners wary of boycotts

BUSINESS DAY 9/5/86 186
CHRIS CAIRNCROSS

LANGEBERG CO-OPERATIVE, largest fruit and vegetable canners in the country, hopes to match last year's R300m turnover, says general manager Carel Stassen.

The reason revenue no-growth is expected is because the co-op, like other exporters, is facing boycott pressure overseas.

This has meant a low-key marketing approach, says Stassen, with an impact on volume sales.

Langeberg has not benefited, like most other exporters, from the low value of the rand.

This is mainly due to competition from other countries in foreign markets.

The revenue standstill means the net earnings of Langeberg's 2 000 member

farmers — mostly in the Western Cape — have come under pressure, Stassen adds.

Their financial state has been exacerbated by, among other things, inflation and sharply-rising costs of farming inputs.

Changing circumstances forced the Cape-based co-op to review its operations. This led to a rationalisation programme completed in February.

Restructuring has split the organisation into three operating divisions comprising six business units.

Stassen adds the change in emphasis is a switch from being a processing/production co-op to a more market-oriented organisation.

Putting the Braai fundis welcome the bite on 'no offal in sausage' law the makers

Weekend Argus Reporter

PARLIAMENT has passed new laws which will affect one of South Africa's most intimate social gatherings — the famed braai — by laying down strict new guidelines regarding the ingredients for boerewors.

The substances that possibly added that "different" flavour to the long sausage — such as pig's lungs or sheep's stomach — will be eradicated, according to the Government laws.

Dr Willie van Niekerk, the Minister of National Health and Population Planning, has set strict rules to control the manufacture of traditional braai sausage.

In a recent analysis by the University of Pretoria in conjunction with Onderstepoort it was disclosed that only 40 percent of the 115 sample sausages were free from inadmissible substances.

Soya was also discovered in 33 percent of the samples and others contained gristle, pieces of bone, salivary glands, spleen and heart in the core of the casing.

Since the passing of the new laws cereal, salt, vinegar, spices and preservatives are the only additional ingredients that will be allowed in the traditional boerewors.

NO offal in sausage' law

LINDA PIETERSEN

Weekend Argus Reporter

NO more lungs, rectum, stomach or gullet in boerewors? Will the traditional sausage ever taste the same?

Yes, say boerewors fundis who have greeted the new laws with enthusiasm and have lauded the fact that braaiers can rest assured that the boerewors browning on their grids is the same as grandma used to make.

"Boerewors is a traditional sausage and there is a traditional way of preparing it — I like the idea of restrictions keeping quality control," said Lannice Snyman, author of Braai in Style.

"You can flavour any kind of rubbish with the same spices and call it boerewors".

The person with the discerning palate would be able to distinguish between the 'real' boerewors and the 'rubbish', said Lannice. But for the everyday man the new laws introduced by Dr Willie van Niekerk, Minister of National Health and Population Planning, will ensure that he is not eating just any minced mush pushed into a sausage casing.

According to Pari braai expert, Dr Maite Brink, traditional boerewors would cost a lot more than many current prices.

"It can't sell for R2,50 or R2,99 in the shop stores when the meat for traditional boerewors costs R3,00 on the hook.

"You get the idea that something else is added to the sausage".

According to Dr Brink the ideal solution would be to list the contents of the wors on the package.

"People who cannot afford traditional boerewors and who buy the cheaper sausage should be aware of the contents".

Author of the Book of Traditional South African Cooking — Dine van Zyl — suggested that sausage laws be the same as those covering wines.

"You can't call a Stein a Riesling so you should not be allowed to call 'pig sausage' boerewors".

Homemade is the best of the wors

Weekend Argus Reporter

BRAAIVLEIS fundis still insist that the best boerewors is the kind made at home.

It might be a messy, involved procedure but they all agree that the end product is well worth the trouble — at least they know exactly what is lurking inside the casing.

Hout Bay personality, Lannice Snyman — who divulged her boerewors secrets in her book *Braai With Style* — has a few additional ingredients which she insists "makes the boerewors".

The basic rule of strict percentage combinations is always followed — one-third fatty meat to two-thirds lean meat.

For her recipe Lannice used 1kg of pork to 2kg of beef, 45ml freshly roasted coriander, 5ml of cloves, 30ml of salt, 15ml ground pepper, 2ml grated nutmeg, 10ml of allspice, 125ml of either dry red wine or dark vinegar and 10ml soft brown sugar ("an essential addition which softens the rest of the ingredients").

Trim and mince the meat. Roast the coriander and grind it with cloves. Sift and mix with remaining spices and sprinkle over the meat. Toss together with wine or vinegar. Drain the casing — which can be bought from any butcher — and fit it over the filling horn.

The mixture is then fed into the machine and moulded with your hands into the sausage casing.

sonal preference when making the traditional boerewors includes more than the average amount of vinegar — "to add that tangy taste to the final product".

Her recipe is as follows: 500g spek, 1,5kg beef, 1,5kg pork, 1 tbs salt, 1 tbs freshly ground black pepper, ½ tbs grated nutmeg, ½ tbs coriander seeds, ¼ cup grape vinegar, 100g sausage casing.

Seasoning

Mince the beef and pork and chop the spek into little blocks. Combine spices and add to meat. Feed into casing.

A basic recipe made by Mrs Margaret Weyer from the Eastern Cape includes minced beef and fatty pork, a minute amount of seasoning — called boerewors seasoning — which consists of herbs, sage, salt and pepper, and a small quantity of mealie meal which prevents the meat from "from packing too hard together".

The mixture is combined to make a "delicious" boerewors.

"The secret is in the amount of seasoning," said Mrs Weyer. "Too much of the shop boerewors is too highly seasoned".

According to Lannice Snyman the cost of her traditional boerewors recipe is R3,75 per kg.



Looking the wors in the face.....

Smith Sugar looks set to return to profitability

21/5/86 SPMR 186

By Gareth Costa

The South African sugar industry is emerging from one of its worst periods of recession and CG Smith Sugar's prospects are looking healthier

A drop in production and depressed world prices saw CG Smith Sugar's contribution to the group's results slightly down from last year, but group MD Mr Glyn Taylor sees sugar production of between 800 000 and 850 000 tons for the 1986/87 season, following late rains in March and April, in line with last season's figures

The world sugar price has rocketed from a low of \$82 to \$222, with the rand/dollar ratio providing further gains to local suppliers, while internal sales picked up following a nation-wide promotion to wholesalers and chain stores during 1985

The 1985/86 season featured several major setbacks in common with a period that has gone down in the sugar annals as the "sour eighties" in comparison to the "sweet seventies"

World sugar prices hit a low of \$82 towards the end of 1985 — its lowest ever in real terms — with production down and the long-awaited price increase not materialising until the end of the season

For CG Smith Sugar, the relieving factor from the setbacks was an increase in recoveries — the ratio of sugar recovered per ton of cane crushed — which was better than the principal competitor's for the third year running

On the chemical side, Smithchem and Natal Cane By-products (NCBP) came through strongly to support sugar, and Mr Taylor says "The strong performance of Smithchem follows our R30 million expenditure programme on the furfural/furfreyl alcohol plant which came on stream with few problems"

The weak rand also helped NCBP to achieve export orders for alcohol which would not otherwise have been attained

The overall world picture is also favourable for SA sugar, although at the expense of others, as global consumption exceeds production for the first time in five years due to droughts, cyclones and the closure of mills around the world

The only negative factor at this stage is the effects that the "sour eighties" have left

"The interest on the massive loans the sugar industry had to incur to survive is some R50 million. A period of firmer prices must be used to

address the problem," says Mr Taylor

CG Smith Foods expects an increase in earnings this year, and the board comments "Economic conditions are unlikely to improve during the financial year, and certain of the subsidiaries are not expected to achieve the same high level of increased earnings for full year as in the period under review. CG Sugar is, however, anticipating improved export earnings"

JS on Friday in

COMPANIES

C G Smith Foods' interim up

MERVYN HARRIS

C G SMITH FOODS' well-balanced portfolio enabled the group to boost the interim dividend by 6% on an earnings increase of 3% to 43,5c a share (42,1c) in the six months to March

The bigger percentage rise in the dividend payout is based on a more optimistic outlook for sugar as global consumption outstrips production for the first time in five years



The expected improved export earnings from C G Smith Sugar should, therefore, help the group increase earnings for the full year.

A fall in the contribution from sugar and cane production, and a markedly higher tax rate, limited the performance of the group in the half year

Group turnover, which included W G Brown Investments for the full period, rose 28% to R2,5bn (R1,9bn) but margins remained under pressure and operating profit increased by 9% to R136,4m (R124,9m)

Declining interest rates helped reduce the interest bill by 11% to

R37,5m (R42,3m), leaving group operating profit 20% higher at R98,9m (R82,6m).

Investment income, reflecting dividends from associate companies in line with the group's revised accounting policy, was up 7% to R26,9m (R25,1m).

However, a higher effective tax rate — up 12,7% to 40,9% — expected to continue for the rest of the year because of the withdrawal of investment allowances, lifted the tax bill by 32% to R51,5m (R39,1m)

Group earnings after tax, including associate companies, advanced by 11% to R79,7m (R71,6m) but the increase in bottom line profits was limited to 3% at R37,9m (R36,7m) after providing for outside shareholders' interests

The group benefited from satisfactory performances from Tiger Foods and its subsidiaries, Adcock-Ingram and the Oceana Fishing Group, but Imperial Cold Storage reported lower profits

Unlisted wholly-owned subsidiary C G Smith Sugar was hit by lower

production and depressed world sugar prices but higher export prices boosted earnings of the chemical division

However, the 1986/87 sugar season looks more promising. Late rains in the group's cane supply areas should boost sugar production to about 830 000 tons while the March increase in the domestic sugar price maintained prices in line with production costs and margins.

Earnings from this source will also benefit from sharply higher international sugar prices.

Increased sugar earnings are expected to offset a possible decline in the contribution from some subsidiaries in the second half and enable the group to maintain a steady growth pattern for the full year

Changes in the balance sheet reflect a reduction in cash to R207,1m (R316,8m) and an increase in stocks and debtors because of, among other factors, the acquisition of S Weinstein & CO by Tiger Oats, seasonal variations in stock levels, the impact of inflation and the higher cost of imported raw materials.

C G Foods' shares are currently at a peak of R13 and the dividend yield is 2,9%

COMPANIES

Fedfood finishes the year strongly

FEDFOOD, the food conglomerate in the Fed Volk group, has performed better than expected in the second half.

It has raised earnings 12% to 87,7c a share from 78c in the 12 months to March.

The final dividend was raised to 20c (18c) to make a total of 32c compared with 30c in the previous year. The increase in dividend cover from 2,6 to 2,7 times is in line with the group objective of three-times cover.

Group MD Johan Louw says he expects, at worst, earnings will be maintained in the current year.

He said, however, that his optimistic forecast was for a 25% growth rate

At the current share price of 700c, this puts the group on a prospective earnings yield of 12,5% and a dividend yield of 4,6%.

The improvement resulted from reduced interest charges and increases in both turnover and oper-

STEPHEN ROGERS

ating profits which outweighed a higher effective tax rate.

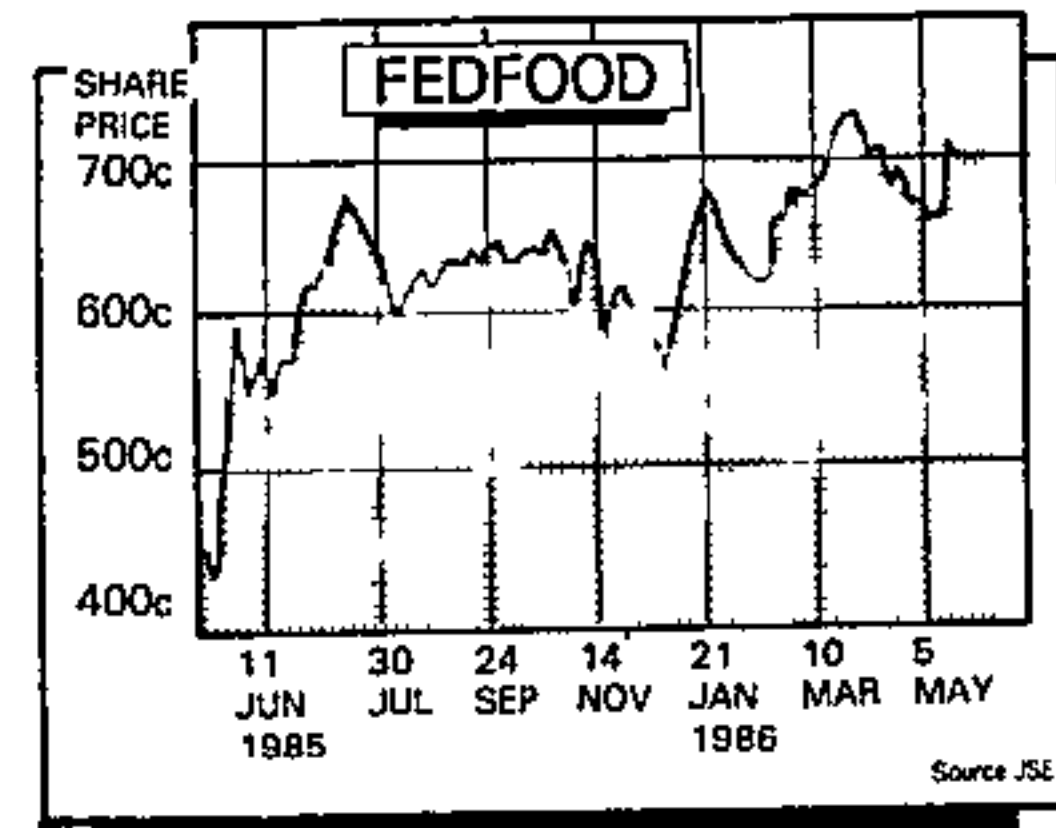
The group's baking operations had a mixed year with Boerstra and Fedbake suffering from cost increases that could not be fully passed on to the consumer. However, Simba successfully launched new products which contributed 30% of the division's turnover

In the frozen foods division, crop failures put a strain on profitability but increased exports enabled it to record a good year.

The group's milling operations were affected by declining demand combined with increased raw material costs.

Turnover rose 10% to R901,6m (R818,5m) but, with trading margins declining to 7,8% (8%), operating profits were lifted 7% to R70,5m (R66m).

Interest charges of R30,6m (34,5m) were inflated by the inclu-



sion of R3,3m forex losses, in line with the group's policy of writing off such losses over the life span of the loan.

In spite of the group's recent rights offer, interest-bearing debt has been reduced by only 16% to R100m, but the inclusion of the convertible debentures and preference shares under shareholders funds has reduced gearing to 49% from 78%.

The effective tax rate increased from 34% to 39% — as a result of certain subsidiaries with former assessed losses becoming taxable — to leave taxed profits 16% up at R24,3m compared to R20,9m in the previous financial year.

Attributable profits amounted to R22,3m against R19,7m in the 1985 financial year.

finance and investors' preference for shorter stock. One broker expresses surprise that Escom had to provide an option "I would have thought it could raise R100m more easily," he says

The issue should be well subscribed Escom is unlikely to take up more than R100m, though it plans to issue a total R1.6 billion in loans 163 and 165

It also emerges that the Reserve Bank, acting on Treasury's behalf, has tapped the full amount (R1 billion) of its new 1989 stock. The Bank will thus have to move to some other stock for the rest of the year

Dealers are "very anxious and uncertain" after SA's raid into neighbouring states The long end was most affected. As the FM went to press on Tuesday, RSA 13% 2005 was trading at 17,18% compared with a Monday low of 16,87%, Escom 11% 2009 at 17,94% (17,56%), and Sats 7,5% 2008 at 17,5% (17,32%)

In the shorter end, both Escom and RSA medium-term stocks firmed in reaction to the raid, RSA 15,5% 1990 by 24 points to 15,31% from Monday's low and Escom 9,25% 1994 by 27 points to 16,53%.

The short end was hardly affected (see story headed "Money Market"). RSA 15% 1988 was unchanged since Monday at 13,3%. Dealers report that the keen institutional interest of two weeks ago slowed, even before the raid

FIN MAIL 23/5/86

SUGAR 186

Turning sour

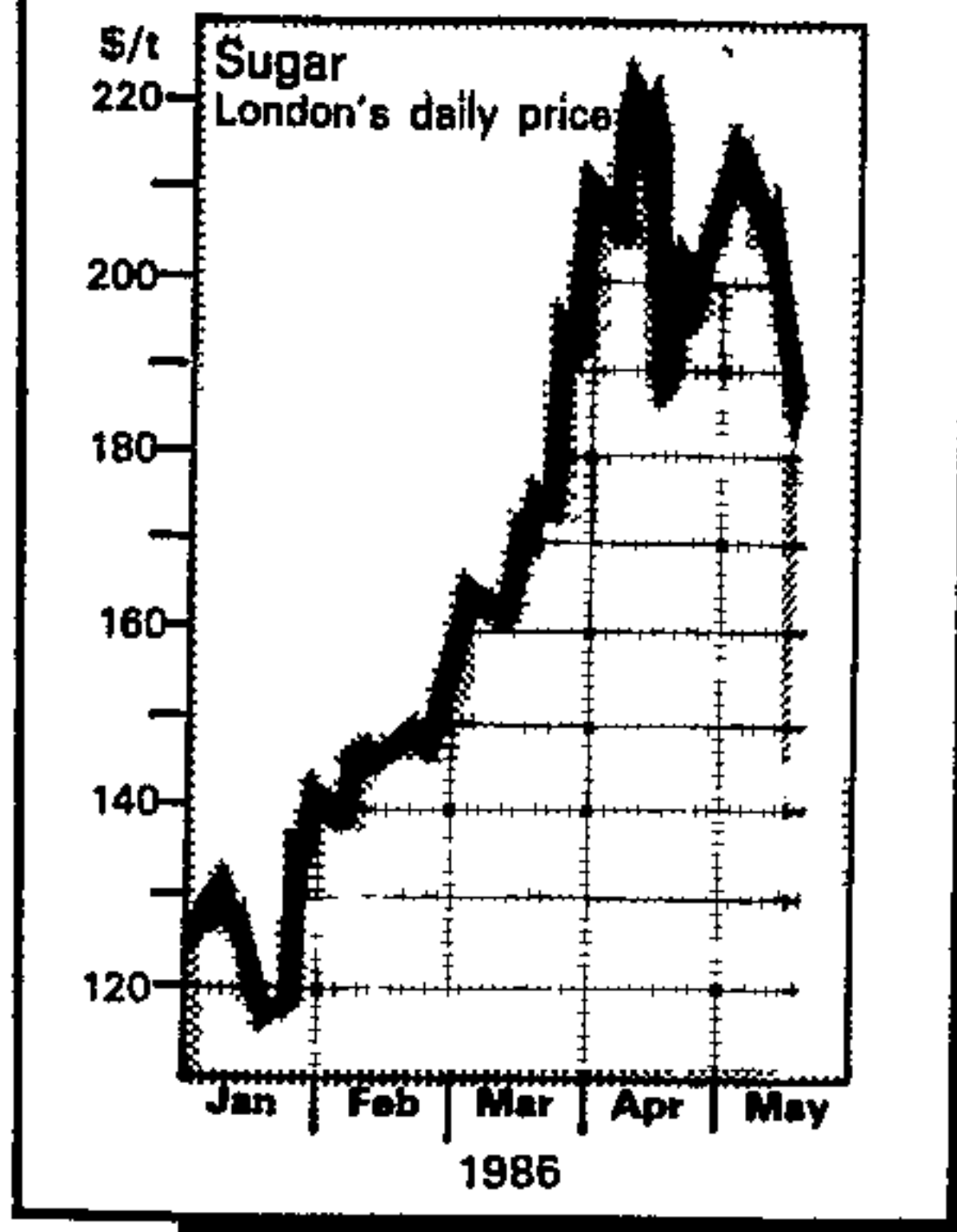
The fragility of recent high price levels was demonstrated last week by a heavy fall which resulted not from the appearance of any new bearish factor but simply from the absence of any fresh bullish influence. The gains of the past month were wiped out by a fall which left the London daily raw price (LDP) US\$22,50 lower on the week at \$186,50/t. Similar falls were registered on the futures market before values rallied a few dollars

"After a long time in the doldrums, the market needs constant bullish news to keep it buoyant," explains Faraday Bromfield, head of research at ED & F Man, the London broking house. She says traders have been looking forward to an upturn in physical demand which has not materialised. Indian buying interest has reappeared from time to time, she notes, but has always been met by a flood of cheap offers.

The recent rise, which took the LDP to within \$5 of early April's two-and-a-half-year high, was largely due to concern over Soviet and Scandinavian crops following the Chernobyl disaster. But a subsequent lull in Soviet buying on the world market supported the view that the Ukrainian beet crop may not be as badly affected as thought at first.

At least one leading London broker, C Czarnikow, remains fairly bullish about medium-term prospects, however. Its latest review confirms an earlier forecast of a sub-

Not too sweet



stantial reduction in world stocks over the next 18 months. For the 1985-1986 season it now puts world production at 96,74 Mt

The review also concludes that the level of stocks in 1987 will be about the same as in 1979, just before the last boom — which lifted LDP to £410/t in 1980 — while world consumption will be some 12 Mt a year more than in 1979. "It would appear, therefore, that prices have the potential to move substantially higher over the next 18 months should any disruption of production occur," Czarnikow reasons.

Over at ED & F Man, however, Bromfield adopts a more conservative view, predicting a production/demand deficit this year around 2 Mt followed by 1,5 Mt-2 Mt the following season

CANADA

Break in the bull?

To the extent that unanimity is possible, experts are bracing themselves for a break in the Toronto Stock Exchange's (TSE) record-breaking four-year bull market. Charles Winograd, senior vice-president for research and trading at Richardson Greenshields, a leading securities firm, sums up the mood. "The TSE could go a bit higher, but most individual stocks are pricey"

Many institutional investors have begun to lighten their equity portfolios and build up cash balances. Short sales are at record levels and put options (which protect holders from falls in share prices) have become increasingly popular.

David Williams, who oversees pension fund management for Beutel Goodman, a Toronto investment counselling company, observes that "the market is becoming fully valued." He argues that shares of medium-sized and small industrial companies, in particular, "are being given multiples which discount several years of very good earnings

ahead"

Why, then, does the market remain so buoyant? The TSE 300 Index broke new records on seven of the first 18 days in April, reaching an all-time high of 3 129 on April 18. By then, the market had risen by almost 8% since the beginning of the year. The climb would have been steeper but for falls of 22% in the oil and gas index and 19% in the pipelines sector.

Although the steam has gone out of the market in the past four weeks, it by no means gives the impression of being on the skids. The TSE 300 is still only 2% below the April 18 high. Both the supply of new issues and demand for them remain strong.

Despite their cautious views on near-term prospects, institutions have a lot of money to spend. Cash settlements in some of Canada's biggest takeover bids have put about seven billion Canadian dollars into investors' pockets.

In addition, securities firms' retail business is booming as small investors belatedly try to get a slice of the action.

Some sectors have benefited from a reassessment of business prospects. Shares of forestry and paper companies have soared by 35% since the beginning of the year as lumber and pulp prices have improved.

Several forces which have driven North American markets upward in the last few years are still in evidence. Interest rates are sliding after a jump early this year to defend the weak Canadian dollar. Inflation remains around 4% and could go a little lower. With the notable exceptions of oil-rich Alberta and the prairie grain belt, the economy is expected to grow solidly both this year and next.

Cautious money managers argue, however, that share prices have already discounted this rosy outlook. PE multiples of broadcasting and publishing companies, which have been among this year's favourites, have risen from 18 and 19 respectively to 21 and 23 this year. Yields on many are now below 2%.

Only another unexpectedly sharp drop in interest rates or some other dramatic — and unforeseen — news seem to justify another significant further advance in these shares' prices. But the timing and extent of a setback remain a mystery.

Optimists already talk of a revival before the end of the year. Basing his arguments on lower interest rates and oil prices and stronger economic growth, McLeod Young Weir's head of research, John Pepperell, predicts that the TSE index could bounce back to 3 300 or 3 400 by next January.

MORE GILTS

In view of the increased interest in this sector of the market, the FM this week expands its coverage of major gilt stock yields. The enlarged table can be found on page 75.

clining trend, but it is now highly sensitive to resurgence from injudicious social and political policies for which government has a poor reputation.

So SA fails the first Sprinkel macro-economic requirement for growth: general price stability. Nor does it score well on the second, the limitation of economic shocks; or the third, adequate control over the level of government spending. Clearly, if Pretoria goes ahead with a stimulatory package based primarily on increased government spending, it will deliberately be flying in the face of experience elsewhere.

Constraints on growth

Its professed belief in supply-side measures, which include privatisation, will face reducing credibility and further depress business sentiment. Another constraint on economic growth in SA is the enormous cost of financing homeland and "independent" governments and the policy of industrial decentralisation.

These governments are effectively being given and often misusing what amounts to large foreign aid payments. This is an enormous impost on the South African taxpayer

and, as the perceived need for this type of black development grows, the amounts involved are likely to grow substantially. They show every indication of having the same deleterious effect as the West's foreign aid to the Third World, which the British economist, Lord Bauer, of the London School of Economics, criticised with devastating precision.

He told delegates at Saint Gallen that this mistaken transfer of wealth was going to the rulers of the Third World countries and not to their impoverished subjects, thus rewarding profligacy and increasing general impoverishment. He said it neither addressed adequately the relief of need, nor had it encouraged development. It did not get to the poor, as there was no machinery for State relief of poverty in Asia or Africa. It was dissipated on lavish spending and rising politicisation. It impaired international competitiveness in Third World economies and led to increasing pauperisation, he said.

"The misery in Ethiopia has been brought to the notice of tens of millions of people in the West. But not many know that the government of Ethiopia has regularly received large-scale Western aid. This totalled US\$1

billion over the five years 1978 to 1982. Throughout this period, the government pursued most of the damaging and destructive policies listed above, including the forcible transfer of people, persecution of productive groups, coercive collectivisation of agriculture, confiscation of property and underpayment of farmers by State buying agencies," he said.

Correct solution

According to Bauer, the volume and cost of investible funds are not critical for economic development. If they were, millions of very poor people would not have risen from poverty to riches in a few years or decades, as has happened the world over. "To have money is the result of economic achievement, not its precondition," he said.

If what Bauer says is correct, then it is not simply money or decentralisation that will develop the homeland and "independent" states. The solution, as with economic growth in SA, is not through the public purse but through supply-side incentives and the freedom of people to respond to them. That is why the Group Areas Act is a major impediment to growth. ■

THE SUGAR INDUSTRY

The options of upturn

FINMAIL
30/5/86

② SUGAR
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A year ago sugar farmers were in despair. Low international prices coupled with several devastating droughts had put the industry in hock up to its eyebrows. Worst of all, there seemed to be no recovery in sight.

Last season, for the third successive year, the industry's proceeds were barely sufficient to cover costs, and growers and millers had to once again forgo their return on capital. That led sugar men to seriously question whether they would ever earn the right to call themselves sugar barons again.

Consumers, meanwhile, braced themselves for what they knew was to come. Precedents of the past had taught them that when the industry took a beating in international markets they, invariably, were called on to make good at home. So there was the prospect of having to once again dig deeper into their pockets to raise domestic sugar prices to a level that would ensure the industry remained afloat.

True to form, government announced another domestic price increase of 15% in March, and the industry took comfort in the thought that even if the international market was bad, at least they would cover costs on the domestic side. The recent rally in international sugar prices has, however, given a fresh perspective on matters.

Although it is obviously too early to say with any certainty that a new bull run has started, SA Sugar Association (SASA) GM, Peter Sale, predicts the industry could well end the 1986-1987 season with a "modest"

The world recovery in sugar prices has brought some confidence back to local sugar farmers. But with major debts overhanging the industry — and the unlikelihood of attracting further loans abroad — the chances of SA's consumers getting a lower sugar price are not all that good.

surplus, allowing members to at least recover a portion of their normal return on capital. Better still, if the revenues are there, the



SASA's Sale ... confident of a steady price rise

industry might be in a position to divert some of the surplus into reducing the size of its loans, which have stood at around R327m for the past three years. Interest on the debt alone is costing the industry around R50m a year.

Feeling optimistic, seasoned sugar men are even talking of the day when the industrial loans may be liquidated entirely and further surpluses channelled into building up a healthy stabilisation fund — a luxury the industry has not fully enjoyed since the mid-Seventies.

However, are they reading more than they should into the recent sugar price surge on

the London market? Sugar prices are notoriously cyclic; they have been known to hit US\$598/t in times of temporary shortages. The last time sugar traded at these levels was in the late Seventies.

Sale shies away from suggesting that the markets are about to see a repeat performance of those heady levels, but he has recently returned from London and the message he brought back from brokers is

Cape Times 3/8/86
**62 000 in
new SA
food union**

Labour Reporter

A NEW "super-union" representing 62 000 workers in the South African food and beverage industry has been formed by the merger of three affiliates of the Congress of South African Trade Unions (Cosatu).

The new union, the Food and Allied Workers Union (FAWU), will represent workers from the Food and Canning Workers Union (FCWU), the Sweet Food and Allied Workers' Union (SFAWU), the Retail and Allied Workers' Union (RAWU) and other food industry workers previously represented by Cosatu-affiliated general workers' unions.

The merger — part of Cosatu's "one industry, one union" programme — was announced after a national conference of food workers held on Saturday in Cape Town.

FAWU has members in more than 340 food and beverage factories throughout the country, will set up its head office in Cape Town.

The new union's office-bearers are Mr Chris Dhlamini (president), Mr Peter Malepe (vice-president), Mr Modcaai Mabaso (treasurer), Mr Jan Theron (general-secretary) and Mr Michael Madiala (assistant general-secretary).

Experienced Chris Dlamini chosen to lead 60 000-strong food union into a new era

By Sheryl Raine

The new consolidated food union formed in Cape Town at the weekend has elected a team of established leaders to steer it into a new era of organised labour in the food industry.

The Food and Allied Workers Union (Fawu) represents about 60 000 workers in more than 340 food and beverage factories in 17 sectors country-wide.

It was formed when three affiliates of the Congress of SA Trade Unions (Cosatu) put the Cosatu principle of "one industry, one union" into practice.

After a year of merger talks, Fawu now incorporates the Food and Canning Workers

Union, the Sweet, Food and Allied Workers Union and the Retail and Allied Workers Union as well as other food industry workers who belonged to Cosatu general workers' unions.

Fawu has elected as its president Mr Chris Dlamini, a former president of the Federation of SA Trade Unions (Fosatu) which disbanded when Cosatu was formed at the end of last year.

KELLOGGS

Mr Dlamini, a clerical employee at Kellogg's in New Era Springs, was also president of the Sweet, Food and Allied Workers Union.

He is also currently vice-president of Cosatu

General secretary of the new union is Mr Jan Theron who has been general secretary of the Food and Canning Workers Union since 1976.

Other office-bearers include Mr Peter Malepe (vice-president), Mr Modécai Mabaso (treasurer) and Mr Michael Madlala (assistant general secretary).

Mr Theron said the union would pose new problems "There have been few unions this big," he said.

"Our aims are consolidation, maintaining union policy and principles among members."

Commenting on the "one industry, one union" principle of Cosatu he said unions had been forced to adopt this principle

through economic reality.

"Industry is structured so that a few big employer groups control a whole spectrum of food operations. The same groups operate in diverse areas.

"There is no way we can effectively represent our members without taking on the whole food sector and the entire spectrum of food concerns. We are compelled by reality to organise in this way."

MEMBERS

There have been allegations that the new grant food union will prompt increased competition for members with the Food, Beverage Workers Union (FBWU), an affiliate of the



Mr Chris Dlamini

Council of Unions of SA
"We are not going out of our way to recruit members from FBWU and competing for members is not something we have discussed yet."

"We did approach them initially to join the merger. They declined to respond."

"What has happened is that members of FBWU have themselves, without any attempt to



Mr Jan Theron

recruit them, approached us to become part of the new union.

"I would regard the number of people who have approached us at this early stage as quite significant."

In the meantime Fawu has set up its head office in Cape Town and will be establishing branches in all important industrial areas and rural centres where it has members in the food industry.

Workers' diary

BY LEN MASEKO

THE newly-formed Food and Allied Workers' Union is to launch its recruitment drive on the Reef this weekend.

The first in a series of rallies, where new members will be recruited, takes place at Pelican nightclub in Soweto on Sunday.

The formation of the Fawu follows the decision at the launching of the Congress of SA Trade Unions (Cosatu) that member unions in the same industry combine in national industrial unions.

Unity moves were started between the Food and Canning Workers' Union and the Sweet, Food and Allied Workers' Union last year and were later joined by the Retail and Allied Workers' Union.

The new union is already assured of a membership of about 50 000 workers in food production and distribution in about 250 factories.

Mr George Nene, Fawu's Johannesburg vice-chairman, said workers at Coca Cola plants in Devland, Clayville and Boksburg were "100

New union

launches

a drive

for members

4/6/86
SOWETO
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MR GEORGE NENE... Fawu's Johannesburg branch vice-chairman.

IF YOUR union will be having a meeting please note that Workers' Diary has been specifically designed to announce this. All you have to do is telephone LEN MASEKO at 673-4160 on Mondays. The news will be published on Wednesday. We also publish meetings of shop stewards' councils or union committees. All we need is a telephone call

percent behind the new union." These workers were formerly with the Food Beverage Workers' Union (FBWU), he said.

The FBWU has dismissed claims that workers at the three Coca Cola plants had quit the union, saying they had reaffirmed their allegiance to the union at meetings.

"Workers at Coca Cola's Bedfordview plant have dissociated themselves from moves to join Fawu, while those at Benrose seem to be divided," Mr Nene said. "We would like to invite these workers to this

weekend's meeting, where reasons for the formation of the new union will be discussed." The meeting starts at 9am.

• Metal industry wage talks continue tomorrow

The talks will centre on wage demands presented by affiliates of the SA Co-ordinating Council of the International Metalworkers' Federation (IMF) as well as those of members of the Confederation of Metal and Building Unions.

Three IMF affiliates — the Metal and Allied Workers' Union, the

Steel, Engineering and Allied Workers' Union of SA, and the Electrical and Allied Workers' Trades Union — have formed a joint action committee to present united demands during the negotiations.

Also included in the alliance in wage talks between the employer body, the Steel Engineering Industries Federation, is the Engineering and Allied Workers' Union.

The Insurance and Allied Workers' Union of SA hosts a two-day seminar on working women's rights, in Vereeniging this weekend.

The newly-formed Zakhem Transport and Allied Workers' Union may soon sign recognition agreements with two transport companies on the Reef.

The new union is to sign a recognition agreement with Putco and Daveyton Bus Service, according to union spokesman Mr J Skosana.

A new national executive committee will be elected at the union's inaugural general meeting later this year.

• The Media Workers' Association of SA is to hold a shop stewards council meeting in Johannesburg on Sunday.

The regional meeting will be held at 5 Wanders Street, Johannesburg, and starts at 9am.

• The Commercial, Catering and Allied Workers' Union of SA (regional branch) holds its weekly shop stewards council meeting at Khotso House, Johannesburg, tomorrow.

Shop stewards will report back on labour disputes involving union members at the meeting, which starts at 5 30pm.

• Building, Construction and Allied Workers' Union shop stewards will meet striking Concor workers at the union's Johannesburg offices on Saturday. The meeting, which starts at 10am, will focus on latest developments at strike-hit Concor.

The union will hold an executive meeting the following day, to discuss strikes involving other union members at two Transvaal companies.

The companies are Gypsum in Germiston and Transvaal Luminate in Isando.

The meeting starts at 10am:

• The Post Office and Telecommunications Workers' Association (Potwa) is to host a series of rallies, starting this weekend.

Potwa's interim executive travels to Natal, to address a rally at Durban's Himalaya Hotel on Sunday.

Other rallies will take place in Pretoria (June 14), Bloemfontein (June 7) and Pietersburg (June 15).

Potwa has already established ad-hoc committees in Welkom and Witbank.

• The African Mining and Allied Workers' Union is to meet Vaal Quarry management in Vereeniging on Friday, to discuss the union's activities at the company's plant.

Shop stewards based at the company are invited to attend the meeting.

The union will host another meeting at the union's offices in Westonaria on Sunday.

Meeting

Zatawu is a break-away faction from the Transport and Allied Workers' Union

The companies are Gypsum in Germiston and Transvaal Luminate in Isando.

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STEPHEN ROGERS

JABULA FOODS chairman Peter Wrighton says in the annual report that any improvement in the group in the current year will depend largely on ability to increase margins in a period of high inflation.

Last year the group raised earnings a share to 19,8c from 12,6c with the improvement mainly due to a tax credit of R226 165, which reversed the decline at the pre-tax level.

Black unemployment constricted consumer expenditure. Jabula's rural retail market suffered a decline in volume demand. This was aggravated by price-cutting and the group had to reduce its margins in order to maintain market share.

However, this was offset by a change in sales mix towards institutional and industrial products.

The group disposed of several unprofitable operations during the year, resulting in an extraordinary

Jabula faces struggle

loss of R399 000. These disposals have reduced the diversification of the group and Jabula will now concentrate on its core business of manufacturing food, beverage and starch based products.

Balance sheet strength remains high with the group having nil borrowings, although the current ratio has declined slightly to 1,9 (2,1).

At 350c the share yields an historic 5,7% on earnings compared to the sector average of 5,8%.

13/6/86
COMPANIES

AND DAY
CGS
Food
ups ICS
share

PRISCILLA WHYTE

CG SMITH FOODS (CGS Food) has increased its interest in Imperial Cold Storage and Supply Company (ICS) to 69.1% from 51.1% in a R43m share swap with the Common Fund Investment Society.

CGS Food has acquired a further 4.84-million ICS ordinary shares and 1.99-million convertible cumulative preference shares in ICS from Common Fund. CGS Food has increased its preference share stake in ICS from 52.8% to 71.3%.

Common Fund has received 3.68-million new ordinary shares in CGS Food in exchange for its 18% stake in ICS. However, only 22% — or about 809,600 — of these new CGS Food shares will be held in Common Funds' investment portfolio. The balance will be renounced for cash.

The deal is not expected to have much effect on CGS Food earnings and net worth a share for the year to September.

A CGS Food spokesman said it was difficult to predict ICS' prospects for this year but he believed the level of earnings would be similar to the first half to March, when earnings declined 15% to 29.8c a share.

15/11/86 S. TIMES

Chip back to square one

By Don Robertson 186

THE production cycle of the common potato crisp has gone the full circle

From the mass-made, computer-assisted, highly flavoured chip, production methods have now reverted back to those used at the turn of the century.

The "old" method — described in America as the "kettle cooked potato chip phenomenon" — has now been brought to South Africa by Willards, a member of the Utico stable, in the form of Flanagan's Old Dublin Pub-Style Kettle Fried Chips.

The new chip is expected to carve a special niche in the R200-million-a-year snack market and has been launched in direct competition to Simba's O'Grady chip which captured a large portion of the adult market.

Flanagan's are produced in large kettles or cooking pots and are hand stirred and flavoured with salt only

This method of chip production has made a substantial impact in America, where enterprising entrepreneurs have established small plants to make the old-fashioned chip and have grabbed a big part of the market from the giants. The largest producer, Frito Olé, has had to follow.

In spite of the economic ills, the snack market has shown reasonable growth this year and has improved by about 10% in the first quarter. Sales are currently running at about 13-million packets a week, shared equally by Simba and Willards.

However, because Simba enjoys bigger sales of the larger packets, it has about 60% of the turnover

frequently, it is difficult to categorise cases with regard to Government Departments and Development Boards and the particulars are therefore not readily available

Uitenhage: NP meeting

*5. Mr J H HOON asked the Minister of Law and Order †

- (1) Whether members of the South African Police arrested persons at a meeting of the National Party held in the Uitenhage town hall on 29 May 1986; if so, (a) how many (i) men and (ii) women, (b) what were the charges against these persons and (c) in terms of what statutory provisions were they arrested,

- (2) whether any further action is to be taken against these persons; if so, (a) what action and (b) why;

- (3) whether any incidents of violence occurred during the meetings; if so, what was the nature thereof?

THE DEPUTY MINISTER OF LAW AND ORDER:

- (1) Yes.

(a) (i) 21

(ii) 3

(b) None

(c) Section 50 of the Internal Security Act, 1982 (Act 74 of 1982).

- (2) No.

(a) and (b) Fall away

- (3) No

Note All the persons were released again at the end of the meeting.

†Mr J H HOON: Mr Speaker, arising out of the hon the Deputy Minister's reply, can

HoA

he inform the House why the persons concerned were arrested if, according to him no incidents of violence occurred at this meeting? [Interjections]

†The DEPUTY MINISTER. Mr Speaker, the reply that I gave the hon member, did answer his question. His question read inter alia: "Whether members of the South African Police arrested persons", and I said that persons were indeed arrested. He also asked how many persons were arrested and in my reply I said how many were arrested

†Mr H D K VAN DER MERWE. Yes, but why did you arrest the people?

†The DEPUTY MINISTER: Sir, we arrested the people in terms of section 50 of the Internal Security Act [Interjections.] I think the hon member should go and read section 50 of the Act. Then he will see what it is all about [Interjections]

Uitenhage: political meeting

*6 Mr J H HOON asked the Minister of Law and Order:†

- (1) Whether members of the South African Police in (a) uniform and (b) plain clothes were on duty in and in the vicinity of the Uitenhage town hall during a political meeting on 29 May 1986; if so, (i) on whose instructions, (ii) how many policemen from (aa) Uitenhage and (bb) elsewhere were on duty in Uitenhage on that day and (iii)(aa) what is the rank of the most senior police officer who attended the meeting and (bb) why did he attend the meeting;

- (2) whether it is the policy of the South African Police to attend all public political meetings, if not, what policy is followed in this regard?

THE DEPUTY MINISTER OF LAW AND ORDER:

- (1) (a) and (b) Yes.

(i) The Divisional Commissioner of

the South African Police, Eastern Province Division

(u) (aa) 62

(bb) 93

(iii) (aa) A Lieutenant-Colonel of the South African Police

(bb) To be in command of the members on duty

- (2) No, only in cases where the organisers of political meetings request the police to perform duties and also in cases where a reasonable suspicion exists that the public order and peace may be disturbed

Fisheries Development Corporation

*7. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Environment Affairs and Tourism.

- (1) Whether the Cabinet has (a) considered, and (b) reached a decision on, the phasing out of the Fisheries Development Corporation of South Africa; if so, when,

- (2) whether this Corporation is to be phased out, if so, (a) why, (b) what is the target date in this regard and (c)(i) in what manner and (ii) to whom will the (aa) assets and (bb) shares of the Corporation be transferred;

- (3) whether any arrangements have been made for the continued employment of the staff; if so, what arrangements; if not, (a) why not and (b) what re-trenchments have been made,

- (4) (a) in what manner and (b) by whom is it proposed that the present functions of the Corporation will be carried out?

THE MINISTER OF ENVIRONMENT AFFAIRS AND TOURISM:

- (1) (a) Yes.

(b) 12 September 1985.

- (2) Yes

(a) Rationalisation

(b) 30 June 1986

(c) (i) Research functions to be transferred to the Sea Fisheries Research Institute of the Department of Environment Affairs;

finance functions to the Small Business Development Corporation; and

functions related to fishing harbour construction and maintenance to the Chief Directorate Marine Development of the Department of Environment Affairs.

(ii) (aa) A portion of the cash reserves to be transferred to the Small Business Development Corporation while the building in Cape Town and the construction equipment will be transferred to the State

(bb) A decision on the transfer of the shares of the Corporation will only be taken after receipt and consideration of the recommendations contained in the Diehont Commission report.

- (3) Yes Certain staff members have been transferred to the small Business Development Corporation whilst the rest have been to the Department of Environment Affairs

(a) and (b) Fall away

- (4) Please refer to my reply to 2(c)(i) above.

HoA

I&J denies firing 1 200 workers

W/FAK bms 2/16/86
Weekend Argus Reporter

IRVIN and JOHNSON'S management has denied allegations that 1 200 workers at their Woodstock branch were dismissed after an illegal sit-in strike this week.

A report in early editions of The Argus on Thursday stated that more than 1 000 I&J Woodstock workers had been dismissed after a sit-in strike on Tuesday over dissatisfaction with a wage offer made by I&J.

A spokesman for the company said the striking employees had resumed work on Wednesday and allegations that 1 200 workers had been dismissed were untrue.

"Negotiations regarding a wage increase are continuing with the Food and Allied Workers' Union," the spokesman said.

22/6/86
S. N. M. S.

Big-chip Simba heads ¹⁸⁶ for JSE

By Don Robertson

SIMBA-QUIX will seek a Johannesburg Stock Exchange listing early next year to raise funds for upgrading and modernising its factories.

Parent company Fedfood chalked up a modest 13,2% profit improvement in the year to last March largely as a result of Simba's fine performance.

Marketing director Keith Elkin says funds are needed to modernise the five factories in Isando, Herriotdale, Maritzburg, Cape Town and Hellbron. There is also a factory producing rusks in Molteno in the north-eastern Cape.

Mr Elkin says: "The factories need upgrading and more modern equipment. We use considerable quantities of vegetable oil which has become extremely expensive. Modern friers can reduce the use of vegetable oil considerably."

By the ton

After a 5% increase in turnover in real terms last year, Simba is budgeting for a similar improvement in the current year. It should lift turnover to about R190-million at retail level from R180-million last year.

To meet growth and improve operating efficiencies, the company will probably have to import equipment.

Operating costs have risen sharply in the past 18 months. Simba uses about 7 000 tons of vegetable oil annually and its price has risen by about 70% in the past 18 months. The cost of film for wrappings has increased by 111% in the same time.

Simba is by far the largest chip manufacturer in S.A. with a market share of about 70% last year. This meant production of about 8 139 tons of chips from 32 000 tons of potatoes. Simba also made 4 593 tons of Niknaks.

Nibblestiks, the snack acquired as a result of the absorption of Riviera, will soon be launched nationally.

INDUSTRY

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Sugar price slump leaves a sour taste for industry

SPECULATOR selling and a lack of physical trade have resulted in the gradual weakening of price levels in sugar markets.

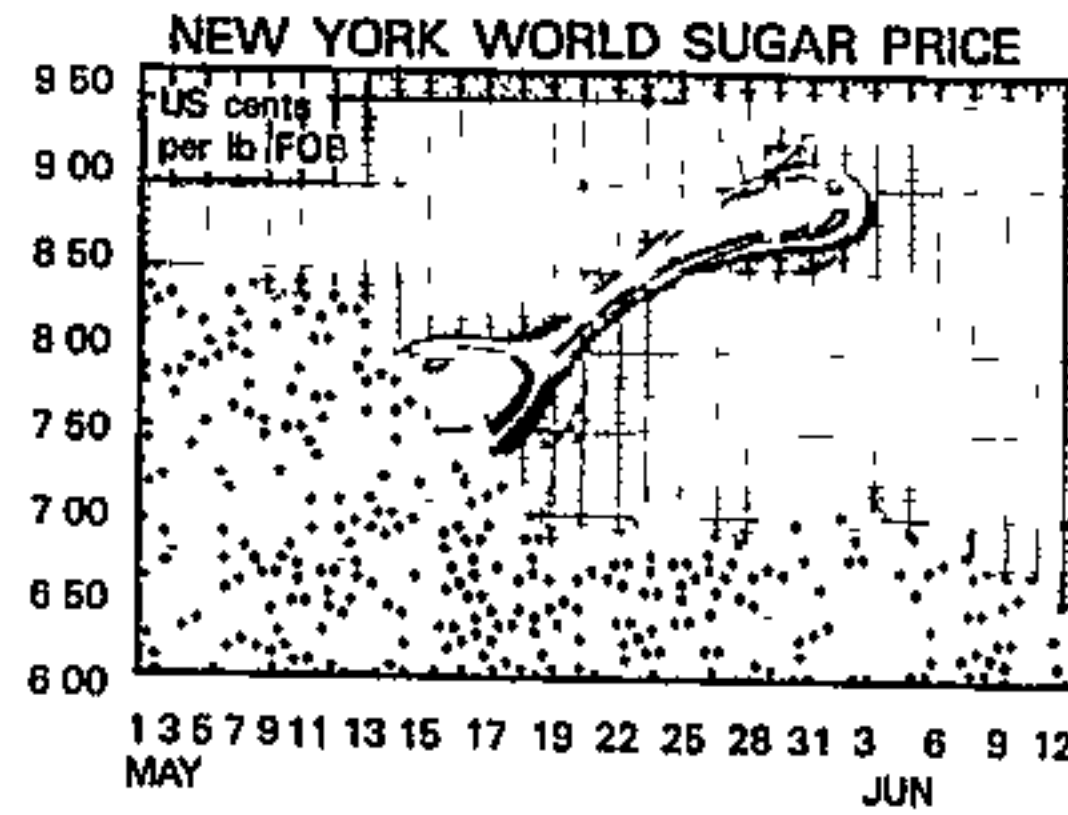
However, brokers believe the 1987 outlook remains sound because of a projected overall improvement of 2.7% in consumption figures

Frans Oosthuizen, national marketing manager of the SA Sugar Association (Sasa) says that in the direct sales sector, consumers have been affected by unemployment and are consequently going for smaller pack sizes

"But the general consensus is that consumption will increase steadily, slightly ahead of the population growth rate," he adds

Current per capita consumption is about 37kg a year and is expected to stabilise at between 38kg and 40kg.

"Growth will come from the lower income groups as buying power is increased," Oosthuizen says



MICK COLLINS

"In the higher income groups, consumption per capita is expected to decline with the trend towards slimming and dieting and the growing availability of alternative sweeteners."

Direct sales presently account for 72% of the market

The industrial sector accounts for the remaining 28%, but long-term

forecasts indicate a swing towards this sector as a result of prepared foods.

"Growth in sales in this sector have been retarded by the recession which has affected sales to industry more than direct sales," Oosthuizen says

Industrial users have also been hit by a sugar price rise earlier this year "Any price increase has a negative effect on the industrial user because of increased input costs.

"He also has to try and maintain selling price for as long as possible in order not to lose volume and market share," Oosthuizen says

He says Sasa appreciates the problem and its policy is to increase sugar prices only in relation to increased production costs.

He does not foresee industrial users moving to high fructose corn syrup since sugar remains far cheaper and the sugar/maize price does not favour local production at present.



Tongaat's profits decline

STEPHEN ROGERS

THE consequences of diversification into recession-prone industries can be seen from Tongaat-Hulett's experience last year

All group divisions — with the lone exception of the starch and sweeteners division — suffered a decline in profitability. Two divisions, textiles and industries, ran up a loss at the pre-interest level.

Chairman Chris Saunders said in the annual report the group's policy was to concentrate on food, clothing and shelter activities, and in the light of that, considerable rationalisation was undertaken during the year.

The group's timber plantations, engineering and electronic operations were sold and the total workforce was reduced to 37 282 from 43 265. Several food division operations were either closed down or sold, realising R29m in cash.

The benefits of the rationalisation

are expected to come through this year, but the industries division is unlikely to revert to profitability.

The sugar division, with a turnover of R457,9m (R440,6m) and pre-interest profit of R51,7m (R52,6m), was again the mainstay of the group. The excess world sugar consumption over production has resulted in an improved export price which should auger well this year.

In the building materials division turnover and pre-interest profits slumped to R277,8m (R336,8m) and R6,7m (26,2m) respectively.

Demand levels have reached their lowest levels since 1978 — with the division operating at less than 60% capacity for most of the year — and nine factories were closed resulting in a reduction of workforce to 10 625 from 12 386.

Declining local sales in the aluminium division were partially off-set by higher export sales but total sales volumes for the year declined and pre-interest profits dropped to R12,2m from R13,1m.

Gearing has been reduced to 66% from 71%. But last year's interest bill — in a period of falling rates — rose slightly to R103m (R100m), aggravating the decrease in interest cover to a low 1,4 (1,7) times and the return on capital employed to 7,7% (9,3%).

The share rose to a 12-month high of 845c — on expectations of a better second-half and an improved world sugar price — before settling back to 730c.

Saunders said earnings this year would be significantly higher than last year. However, they have a long way to go before they reach the post-merger peak of 118,5c a share in the 1984 financial year.

Union ^{SMK} signs first ¹⁸⁶ agreement ^{29/6/86}

The newly formed Food and Allied Workers Union (Fawu) has signed its first recognition agreement with Jabula Foods, a subsidiary of Premier Food Industries.

According to a statement released yesterday it is the first time that such an agreement has been signed by Fawu.

Fawu, which is affiliated to the Congress of SA Trade Unions (Cosatu), was formed recently in a merge of the Sweet Food and Allied Workers Union (SFAWU) and the Food and Canning Workers Union.

"The negotiations between Jabula and the union began before the merger and the conclusion of the agreement was delayed by a second ballot conducted at Jabula in May," said the statement.

"The ballot established that SFAWU was the majority union among 283 employees.

"The recognition agreement was signed for the union by Mr Chris Dlamini, the recently elected President of FAWU and First Vice President of Cosatu."

Notes 26/6/86 (186) (187)

Prospects brighten for Natal sugar industry

PROSPECTS are brightening for the Natal sugar industry, says the chairman of the SA Sugar Millers' Association, Mr F R Jones

He said the export sugar price, which slumped last year to a low of \$82 a ton, was now \$156 a ton for October deliveries. This year, for the first time since 1982-83, the industry expected to earn some return on capital.

Sugar production in 1985-86 was 2,1-million tons, 250 000 tons less than in the previous season.

A total of 1,2-million tons were sold in the domestic market, which was marginally below last year's figure.

However, lower export earnings resulted in industry sales rising only 4,4 percent to R1,06-billion, causing a deficit of R217-million.

CMX Times 26/6/86
Premier cuts
profit margins

JOHANNESBURG. — The Premier group's profit margins fell to 5,5% compared with 8,5% in 1985 "and would have been eroded yet further if expenses had not been extremely well controlled and held to an increase of only 9% — well below the rate of inflation," chairman Tony Bloom says in the annual report.

He says the financial year to March 31 was characterised by sharply increased civil violence, further unemployment, labour unrest, politically motivated consumer boycotts, growing international pressure on SA, a weak currency, a debt moratorium, and an underperforming economy

The combination of these factors was "devastating, both for SA and its business community".

In spite of this, "sales at R2,4 billion were 6% ahead of the previous year and constituted an all-time record for the group"

Bloom says that in these circumstances, the performance of the group could be regarded as acceptable

"It does not, however, meet our long-term earnings objectives which were set in very different times and conditions"

Sweeter year for sugar

PROSPECTS for the sugar industry were better than they had been for years, SA Sugar Millers' Association (Sasma) chairman Frank Jones said yesterday.

He told Sasma's annual meeting in Durban: "The first signs of a long-awaited recovery in the world price of sugar are evident, with the quotation for October 1986 standing at \$156 a ton. And for the first time in five years, consumption is expected to exceed production, and by a sizeable margin."

That was due to production cut-backs in countries such as Brazil and Argentina and to climatic problems in the Dominican Re-

Industrial Staff

public, Cuba and Australia.

Jones said despite continuing high inflation, the sugar industry expected to earn some return on capital this year as a result of better export prices.

Calling the 1985/86 season "a disappointing one in many respects", Jones said total production of 2,11-million tons was well below the early estimate for the season and 250 000 tons below the previous year's output.

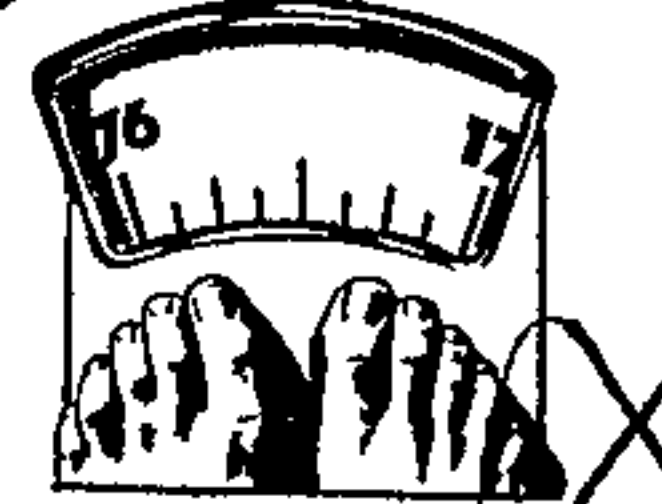
That was due to drought conditions which were particularly severe in Zululand and on the North Coast.

Sasa bid

~~to woo~~

health freaks

BUS. DAY



MICK COLLINS

FEAR of obesity and a consumer yearning for the svelte, wraith-like figure of the Eighties, continue to pose a major threat to the sugar industry.

To combat growing slimming trends, the SA Sugar Association (Sasa) has launched a massive publicity campaign in a bid to sweeten a health-conscious market.

National marketing manager Frans Oosthuizen says misconceptions about sugar and health are costing the industry dearly.

"Current per capita consumption is just short of 37kg a year. This is expected to stabilise at between 38kg and 40kg, which is lower than most Western countries," he says.

"In the UK, per capita consumption stabilised as high as 45kg before gradually declining as a result of slimming and dieting trends."

With the trend already becoming apparent in SA's higher income group, Sasa has become more aggressive in its defence of sugar, says Oosthuizen.

"There is now sufficient scientific evidence to prove that sugar is a safe product and has a role to play in today's diet."

"Although sugar is a factor in tooth decay, there is no evidence to show that it causes diabetes, heart disease or many of the other ailments which it has been blamed for in the past."

Sasa is sponsoring scientific nutritional research and stipulates that recipients of grants may submit their findings for publication in medical journals without the prior approval of the association.

"We have appointed a scientific advisory panel to screen applications for research grants and advise on research projects."

Oosthuizen says most of Sasa's public relations drive is now centred on presenting a balanced view of sugar as a natural source of energy.

Education projects on nutrition and health are targeted at a variety of audiences — including school-children, nurses and patients in clinics, nutritionists, dieticians and women's groups.

Sasa has also established an advisory service run by a nutritionist.

A schools programme has been implemented in Soweto and the East Rand and preparations have been made for the launch of a clinics programme.

The association also plans to send a quarterly newsletter to doctors, dentists, nutritionists, dieticians and home economists.

"Our aim is to position sugar as a natural product which has a role to play in our daily diet. We are determined to get rid of misconceptions about sugar and health," says Oosthuizen

FINAL 27/6/86

SUGAR INDUSTRY

Moving to profits

The speculation is over Higher average sugar export prices and a recent domestic price increase means the sugar industry is almost certain to end the season with a modest surplus over costs (FM May 30)

Barring unforeseen circumstances, such as a calamitous slump in world sugar prices, SA Cane Growers' Association chairman Tony Ardington says growers should return to profitability for the first time in years This means they are likely to make the first payments towards redemption of the industry's accumulated R327m debt

With uncertainties over SA's political future in the international banking climate and the difficulties local clients experience in securing new offshore loans, clearing the industry's debt has become the major priority Interest on the debt alone is costing the sugar industry a crippling R50m a year

Both growing and milling sectors have agreed on a formula under which they will be obliged to direct a percentage of future surpluses towards loan repayments

SA Sugar Association officials declined to divulge details of the arrangement to the FM, saying that as "nothing was set in concrete" the figures were subject to change.

Sugar prices on the international market have softened in the last few weeks to around US6,2c/ lb after topping 9c/ lb in April. However, brokers generally attributed the fall to the market looking for new direction after heavy speculation They confidently expect prices to see out the year at about 9,5c/ lb

If that is the case, and given an average crop size of about 2 Mt, the industry is likely to see total proceeds for the 1986-1987 season top R1 billion while fixed and variable costs remain marginally lower, leaving a small surplus

On the local front, Ardington says the changes in the cane transport system which place the cost of cane transport on the grower and the new multiple pool system have resulted in increased efficiencies

A study by the National Productivity Institute has shown that the industry increased

its productivity by 4% per annum over the past four years, resulting in annual savings of around R40m.

In addition, Ardington says growers are keen to move away from the concept of pricing cane in accordance with its sucrose content A new price formula, based on the estimated recoverable sugar with built-in credits for by-products, has been devised

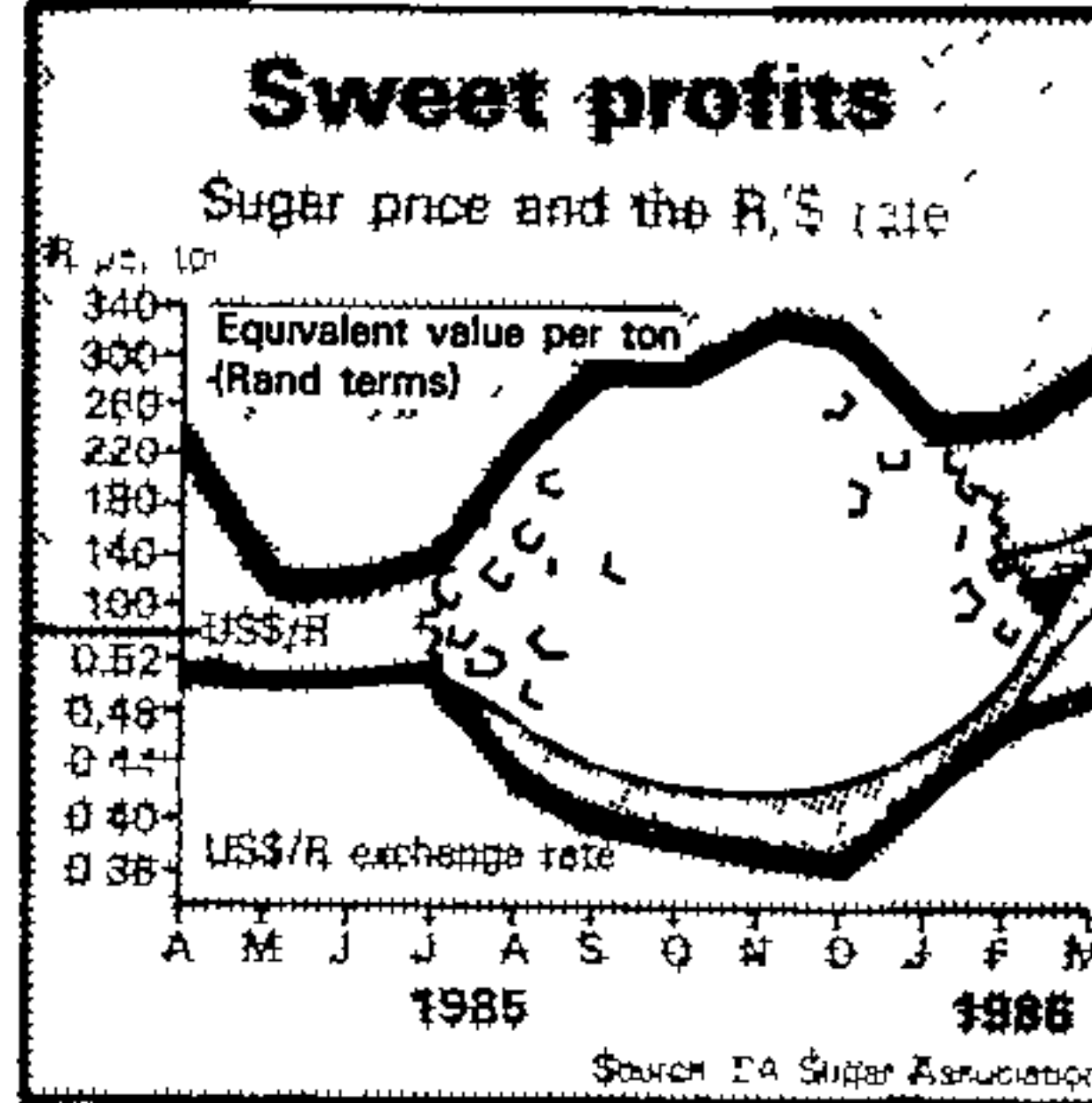
The issue is, however, controversial as some millers could end up paying more for their cane inputs

while others pay less, depending on the quality of the cane and the time it is harvested

Ardington argues "If growers are bearing their full costs of production, it's only

fair that they should receive a price that equates to the full value of their product"

Although he admits there is likely to be some hard bargaining before the new pricing system is accepted, he would like to see it introduced within two years as a further means of improving industry efficiency



Argus 1/7/86 186

Coffee growers, packers differ on pricing policy

The Argus Correspondent

DURBAN — While coffee drinkers are affected by higher world prices, the local industry is the scene of disagreement between growers, roasters and packers over pricing policy

The growers (14 of them in Natal) want buyers to agree to peg local producer prices to international levels. But the roasters and packers want to stick with the current "willing seller, willing buyer" pricing method.

Meanwhile, the whole industry is waiting for a report by the Industrial Development Corporation on the viability of farming the crop.

The rand's poor performance on foreign exchange markets has added to the higher cost of imports — already climbing because of the world under-supply caused by a Brazilian drought.

Local coffee could join the spiral

WORLD PRICES

The relatively recently-formed Coffee Growers' Secretariat of Southern Africa has tried to persuade the SA Tea, Coffee and Chicory Association (SATCCA) — representing roasters and packers — to accept world prices as a base

Mr Johan Kriek, secretary of the secretariat says producers have invested considerable sums in their operations and want protection from "dumped coffee"

Earlier efforts to get SATCCA to set local prices according to producer costs were rejected, and the latest proposals are on ice pending the IDC report, says Mr Peter Dovey, chairman of the Coffee Growers' Association of Natal

Producers — like other branches of agriculture in South Africa — want an element of control in the prices of their produce, says SATCCA member Mr Toby Gawith, managing director of T W Beckett

"As commodity buyers on international markets, we are used to taking the rap when prices go against us,

and making a profit when prices are favourable

"I do not want to be obliged to buy raw materials at the same price as my competitor, and for this reason we oppose local controlled prices."

REMAIN THAT WAY

Marketing is presently done on a "willing seller, willing buyer" basis — and SATCCA wants it to remain that way

The 14 producers with the Natal association — all of whom grow coffee as a supplementary crop, mainly to sugar cane — send the beans grown on about 250 ha along the North and South coasts, to the Tongaat-Hulett plant at Kearsney

There it is hulled and graded and then sold to roasters and packers via brokers at prices negotiated according to grade

Natal expects to produce 225 tons of coffee this season

For the past year, prices have been thrashed out on behalf of producers by the Coffee Growers' Secretariat

This body was formed last year to take in the increasingly important coffee growers in the Eastern and Northern Transvaal homelands of Lebowa, Gazankulu and Venda

OVERTAKEN NATAL

In recent years, the Eastern Transvaal has overtaken Natal as the country's most important growing area. It is estimated that 1 675 tons of mainly Arabica coffee will be produced around the country this season, of which 90 percent will be grown in the hot, irrigated soils of the Eastern Transvaal

Meanwhile, the unpalatable fact is that the retail price of ground coffee is now about R18 a kg, compared with R8,80 two years ago

Roasters and retailers have warned that the collapse of the International Coffee Organisation (ICO) — which regulated sales before the Brazilian drought — is pushing prices up

Unions' clash

WATER HERE

disrupts milk supply

Pietermaritzburg Bureau

MILK deliveries throughout the capital have been disrupted since Friday because of an internal dispute between members of two rival union bodies at the National Co-op Dairies Ltd plant here.

Mr E W Hornby, district general manager for Clover Dairies, said the company would take 'whatever steps necessary' to keep the business running.

The dispute, apparently between members of the Congress of South African Trade Unions (Cosatu) affiliated Sweet, Food and Allied Workers' Union of South Africa and the United Workers' Union of South Africa (Uwusa), began on Friday.

Deliveries were halted over the weekend, and were hampered yesterday morning when a number of workers 'simply failed to turn up for work', according to Mr Hornby.

A similar situation arose early last month when SFAWUSA members objected to attempts to establish Uwusa on the shop floor, with deliveries in Durban and Pietermaritzburg being halted for a number of days.

Mr Hornby said the company would try to get deliveries back to normal as soon as possible, 'with or without' the workers who did not report for duty on Monday.

'We will take the necessary steps to ensure that we stay in business,' Mr Hornby said.

'We cannot tolerate two factions fighting like this all the time.'

Mr Hornby said workers had been told to return to work, and should such a move be necessary, 'we will have to get workers who will run the business'.

He added that the company was 'neutral' as to union membership among its employees.

He said the matter was now in the hands of the union members, who had been notified of the company's stand on the matter, and that Clover would 'see the thing through in the correct manner'.

'We do not get involved in internal union disputes and believe in freedom of association,' Mr Hornby said.

He said that the strike had not spread to Durban, and no workers had as yet been dismissed.

17/86
BUS DAY

BUS DAY
17/86

A little sweetness expected

Investment staff

SUGAR farmers Crookes Brothers expect taxed profits to be higher in the current year and, if an increase is achieved, dividends are set to rise.

Chairman I F G Gillatt says in the annual report that average prices paid to sugar farmers in the current season should be higher than in the last one because of improved world prices

He said this should be sufficient to offset a drop in consumption on the local market following the price hike

Group output should be up 8% at 382 000 tons.

In Swaziland, production is expected to be up 9%, but no major change is expected in the sucrose price.

Citrus exports are expected to rise by 14% on last year, but competing exports from South America and the Mediterranean and political considerations could affect profits in this sector which, in the absence of any adverse effects, would be higher.

More visitors are expected to visit the crocodile farm and the breeding section has good prospects.

Dividend income is expected to be slightly lower. The group has sold its holding in Farm-Ag but retains its interest in C G Smith Ltd.

Dunair goes for R2,5m

Investment staff

DUNDEE Industries has sold Dunair, its loss-making motor vehicle air conditioning interest, for R2,5m

The sale increased Dundee's net worth by 27c a share. At end-February 1985 the share was worth 216c

The amount of the sale has been released ahead of the group's 1986 results expected at end-July

However, Dunair made a loss of R1,7m, equivalent to about 93c a share in the 1986 year

SA-linked UK firms rejoice at EC delay

LONDON — A wide range of UK companies — from Consolidated Goldfields to RTZ, Reckitt & Coleman, Cadbury Schweppes and BOC, breathed a sigh of relief this weekend, writes Robert Tyerman in the *Sunday Telegraph*.

They are among the many UK companies whose combined profits from SA accounts for 2% of total UK company profits.

Earnings from the £2,7bn of UK direct investment in SA are believed to be over £400m a year. That is why so many UK boardrooms are cheering Prime Minister Margaret Thatcher's success against tough diplomatic odds in persuading the EC to postpone any decision on sanctions against Pretoria for three months.

As Foreign Minister Sir Geoffrey Howe flies off for an 11th hour attempt to reach an acceptable compromise with the SA government, he will have no shortage of goodwill from the UK corporate sector.

The fear is not that sanctions would directly hit profits, but that Pretoria might be forced to react by forbidding companies to send their profits back to Britain

Stockbroker L Messel has worked out which are the UK companies with the greatest exposure to the troubled Republic — they range from Cadbury Schweppes and BOC, with an estimated 5% apiece, to Metal Closures with 55%.

Unilever, Rowntree Mackintosh, BTR and Barclays Bank have stakes of between 2% and 5%.

These companies have been cutting down their relative exposure

Own Correspondent

where possible — and remitting as much as they can to the UK

Mining house ConsGold, which derives between 40% and 50% of profits from SA, has for years been steering new investment to North and South America, and elsewhere.

RTZ with 20% of profits from SA, and a key interest in the giant Rossing uranium mine in Namibia, has also been emphasising new investments in other parts of the world, including the US

Also remitting "millions back home" is the Delta Group with 13% of profits from SA — whose interests include 42% of a giant manganese refinery making 60% of the world's high purity manganese supplies.

Nor are the reasons entirely negative. Within SA, business is booming thanks to the weakness of the rand, which has sent the gold price soaring and has enabled SA manufacturers to undercut even their poorer neighbours to the north

Without a comprehensive and effectively enforceable world embargo on exports from SA — which produces 55% of the world's gold, 60% of its manganese, 85% of its platinum and the great bulk of its chrome — profits will continue to be buoyant in rand terms

And if the politicians do show themselves statesmen and produce a lasting settlement, companies now earning a tenth, a quarter or half their profits from SA with the rand at its present level, would receive a huge boost as the currency recovered.

Airline merger approved

WASHINGTON — US Transportation Department hearing examiner Ronnie Yoder has recommended government approval of the proposed merger of NWA Inc's Northwest Airlines and Republic Airlines

Yoder, a department administrative law judge, rejected the Justice Department's contention that the Northwest plan to acquire Republic would reduce airline com-

petition and lead to higher fares in the markets served by the carriers.

The issue next goes to Transportation Secretary Elizabeth Dole, who plans to decide toward the end of this month whether to approve.

Her decision is subject to review by President Ronald Reagan, but he can overturn it only on foreign-policy or national-security grounds — AP-DJ.

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r r s s

No respite for fired dairy staff

NATAL HERALD
186 2/7/86

Pietermaritzburg Bureau

THE 200 Clover Dairies employees who were dismissed here on Monday afternoon definitely would not be re-employed, Mr Andrew Lynch, Clover Dairies Industrial Relations Manager, said yesterday.

He said the workers, whom he felt had 'dismissed themselves' by refusing to report for duty on their normal shifts on Monday morning and taking part in an 'illegal strike', would not be reinstated in their positions.

'As far as we are concerned, they have dismissed themselves,' Mr Lynch said.

All the dismissed workers had been paid R150 in backpay which was owed to them.

Workers stopped work on Friday after two members of the Food and Allied Workers' Union (Fawu) were dismissed for alleged misconduct during a previous work stoppage which occurred on June 6.

Mr Lynch denied that this was the cause of the stoppage, and blamed it on rivalry between Fawu and the United Workers Union of South Africa (Uwusa).

He said the company had been considering its manpower requirements and would employ an unknown number of new workers to replace the strikers.

He said deliveries yesterday had been disrupted only in the retail or door-to-door field, and wholesale deliveries to shops were normal.

Mr Petros Ngcobo, secretary of the Midlands branch of Fawu, said the workers had stopped work for four

reasons.

These were the dismissal of the two Fawu members, one of whom was chairman of the shop stewards' council, Mr Jethro Ndlovu, the reinstatement of three Uwusa members who had been suspended from work, the changing of Mr Ndlovu's daily 'round' to Imbali, where he had received death threats, allegedly from Uwusa members, and 'slowness' on the company's part in paying a back-pay sum of R150 a worker.

Problems

He criticised the company's attitude towards Fawu, and said should negotiations with the management fail, the union would use all means at its disposal through its membership at all Clover and National Co-op Dairies plants throughout Natal.

He said the union had not decided whether its members would stop work at other Clover and NCD plants.

He questioned the fact that Fawu had had 'many problems' with Clover's management while they enjoyed a better relationship with the management of other concerns.

'Why do we not have similar problems in other factories?' Mr Ngcobo asked.

He added that he had received a report that five women Fawu members at the Clover Port Shepstone plant, including the factory's shop steward, had been dismissed yesterday afternoon.

The management was unable to confirm the allegation.

On the rise

FIN MAIL

Activities: Food conglomerate with interests in fishing, grain processing, snacks and frozen foods

Control: Federale Volksbeleggings has a controlling interest

Chairman: C J F Human, managing director
J D Louw

Capital structure: 25,7 m ords of 50c, 239 000 7% prefs of 50c Market capitalisation R163,2m

Share market: Price 635c Yields 5% on dividend, 14% on earnings, PE ratio, 7, cover, 2,7 12-month high, 730c, low, 555c

Financial: Year to March 31

	'84	'85	'86
Debt			
Short-term (Rm)	2,9	29,8	32,8
Long-term (Rm)	47,8	65,9	46,4
Debt equity ratio	0,33	0,59	0,37
Shareholders' interest	0,43	0,40	0,49
Int & leasing cover	2,2	1,8	2,1
Debt cover	0,70	0,38	0,58

Performance

	'84	'85	'86
Return on cap (%)	15,8	16,5	15,9
Turnover (Rm)	720,7	818,5	901,6
Pre-int.profit (Rm)	54,4	66,0	70,5
Pre-int margin (%)	7,5	8,0	7,7
Taxed profit (Rm)	21,8	20,9	24,3
Earnings (c)	83,6	78,0	87,6
Dividends (c)	30	30	32
Net worth (c)	486	525	799

In a trading period beset with problems, Fedfood did very well to increase its earnings for the 1986 year by 12,3%. The broadly based food conglomerate had to overcome hefty write-offs in its Riviera food division; forex losses of R3,2m, a sharp increase in its tax rate to 39% (34%), and more generally, a pervasive decline in non-durable (mainly

FEDFOOD'S MENU**Profit Contribution (%)**

	1985	1986
Inshore fishing	17	17
Grain processing	42*	39*
Snacks	13	16
Frozen foods	10	9
Wholesale	14	13
Other	4	6
	100%	100%

* Includes Fedbisco

food) domestic expenditure of 7,8% — the first such decrease in a decade

A compensating boost was derived from the important snack subsidiary, Simba, which advanced both turnover and profits, and showed the strongest growth of all the group's major divisions. On the strength of aggressive product promotion, Simba is said to have gained market share. It now turns over some R120m, and if market rumblings are true, this subsidiary could eventually acquire its own listing.

Not that Fedfood needs funds right now. Since raising R40m in a rights issue towards the end of its financial year, gearing has fallen to a healthy looking 0,37 (0,59). The cash came in too late to reduce last year's finance costs, although the interest bill nevertheless fell last year to R30,6m (R34,4m). Interest payments should drop substantially in the current year with benefits for the bottom-line.

Fedfood has finally thrown in the towel on

direct selling, a concept it failed to come to grips with in the Riviera division, which it bought a few years ago. Riviera, estimated to have cost Fedfood around R12m, was completely restructured last year. It was absorbed into Fedbisco Holdings, and its products will henceforth be sold through usual retail channels.

Fedbisco managed to increase market share, despite tough competition from Bakers and others; but its profit margins were eroded. Last year it tried unsuccessfully to launch the French imported LU biscuit range. Unfavourable exchange rates forced Fedbisco to drop the line, at a cost of over R1,3m.

Frozen food subsidiary, Table Top, increased turnover by 18%, while lifting profits by 15%. With local competition intense in this market, Table Top has held its own with a stream of new product launches, and a highly successful drive in export markets. MD Johan Louw says export volumes dou-

bled last year.

With debt reduced, and the Riviera problem resolved, Fedfood seems well placed to lift earnings further this year. There is, however, one concern that looms over the group, and the entire milling and baking industry. This concerns the Davin Commission's recent recommendation that the bread subsidy scheme be phased out. It is unclear how Fedfood and its competitors would be affected if this proposal is implemented.

Since Fedfood released creditable results in late May, the share has shown curious weakness, falling from 695c to 635c. At this price, the share is well below the 12-month high of 730c. With a dividend yield of 5%, the stock is among the poorest-rated in the food sector, whose average yield is 3,7%. It seems a somewhat harsh rating, considering that Fedfood has managed to recover sharply against tough odds, and that the counter trades at a hefty discount to net worth.

Neville Glaser

Traders gain from course

CLOSE to 100 black traders from the East Rand and West Rand attended the first of 13 free training courses offered by a leading processed meat company.

The course, on customer relations and services, held at a Johannesburg hotel on Thursday night, was conducted by Mr Willie Ramoshaba, well-known char-

By SY MAKARINGE

tered accountant and director of Ebony Management and Secretarial Services

The training programme was launched in response to needs from the retailers who wanted their businesses to prosper

Most retailers who attended

the course said they gained a lot but also expressed the need for experts in different fields to give lectures in future courses

Future courses will deal with many aspects including management, staff, administration and cash flow. The second retail course will be held on August 6 at a venue still to be confirmed

FCN 1188L (186)
 TONGAAT-HULETT

Spoonful of sugar

Activities: Holding company with interests in sugar, building materials, food, aluminium, textiles, starch and sweeteners and industries

Control: Anglo American holds 20,0% and AMIC 23,5%

Chairman: C J Saunders; managing director T G Cleasby

Capital structure: 73,5 m ords of R1. Market capitalisation R543,9 m

Share market: Price: 740c Yields: 1,6% on dividend, 3,3% on earnings, PE ratio, 30,6, cover, 2,1 12-month high, 845c, low, 580c Trading volume last quarter, 810 000 shares.

Financial: Year to March 31

	'83	'84	'85	'86
Debt				
Short-term (Rm)	95,9	85,3	161,4	146,3
Long-term (Rm)	95,0	310,3	365,3	352,4
Debt equity ratio	0,25	0,52	0,64	0,61
Shareholders interest	0,64	0,52	0,50	0,50
Int & leasing cover	4,2	3,7	1,7	1,3
Debt cover	1,10	0,38	0,21	0,16

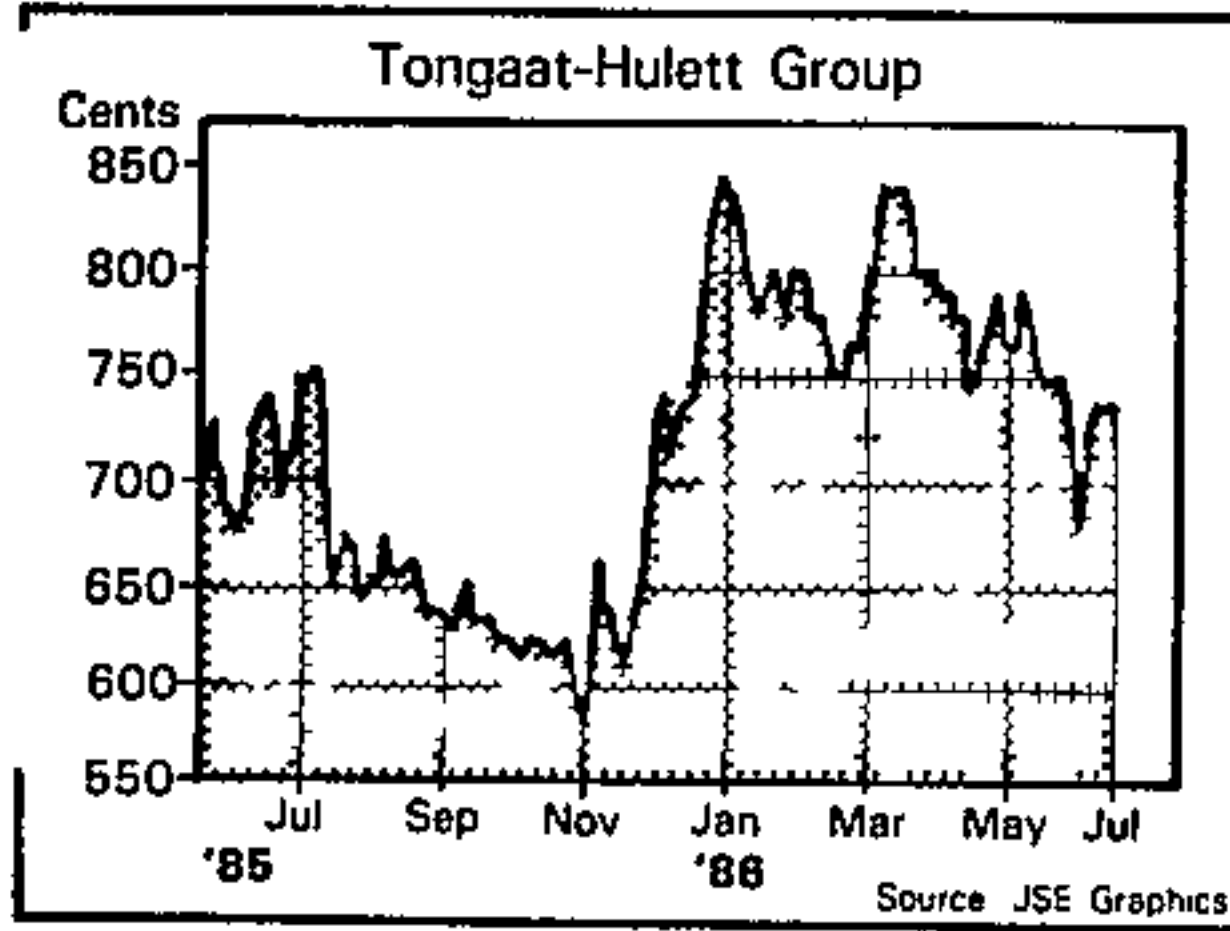
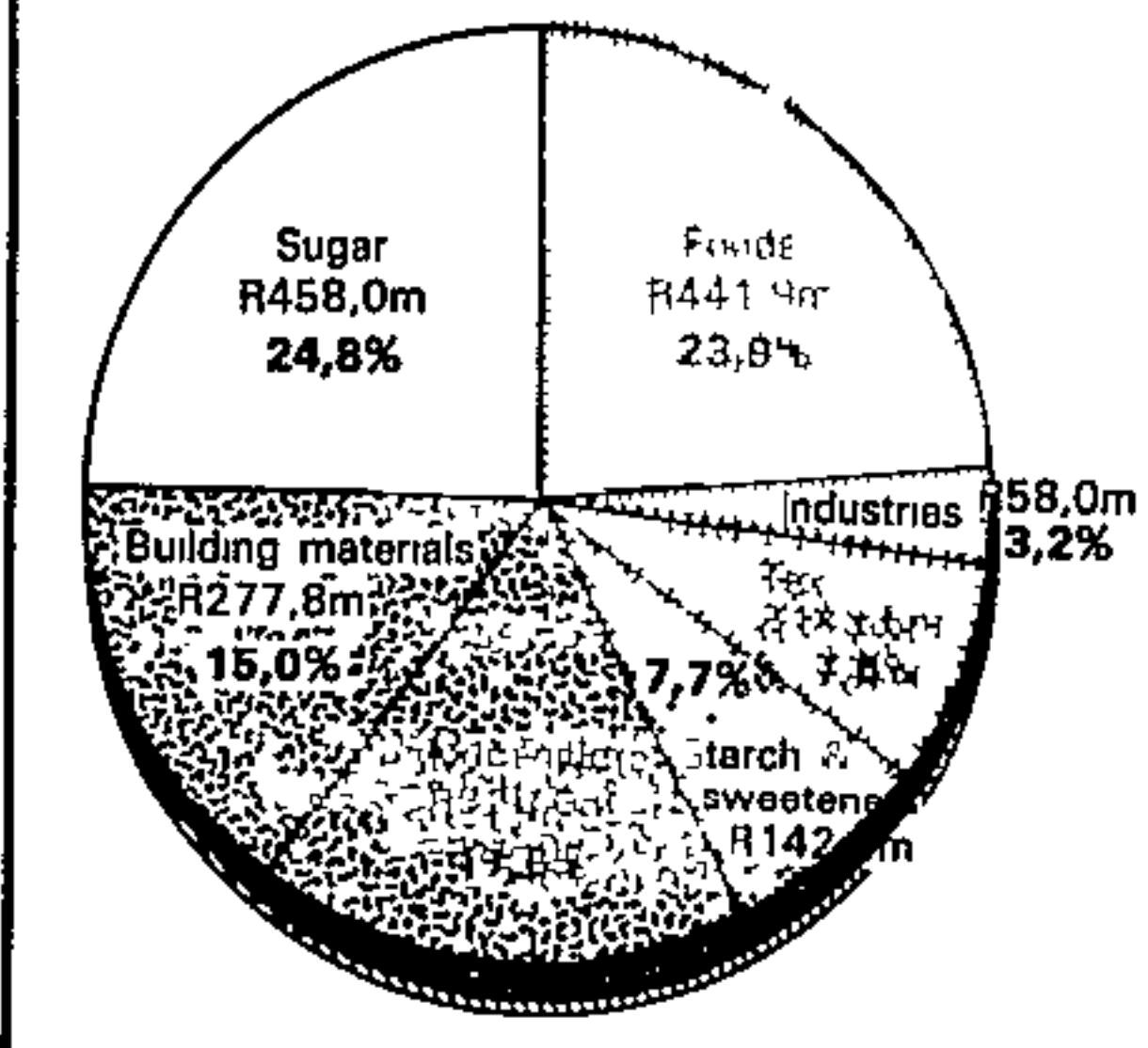
Performance.

	'83	'84	'85	'86
Return on cap (%)	12,9	10,8	10,8	8,3
Turnover (Rm)	1 284	1 515	1 804	1 848
Pre-int profit (Rm)	150,3	158,7	175,7	136,0
Pre-int margin (%)	11,3	10,1	9,4	7,0
Taxed profit (Rm)	83,3	100,3	55,8	24,7
Earnings (c)	116,6	118,5	60,3	24,4
Dividends (c)	58	58	30	12
Net worth (c)	1 206	942	1 012	1 035

Though year-end figures show EPS plummeted from 1984 to 1986, it seems Tongaat-Hulett has managed to achieve a turnaround — on a half-yearly basis, EPS of 40,1c for the six months to end-September

Sweeter now

Sales analysis 1986



1984 fell to 4,9c by end-September 1985, but rose to 19,5c for the period to March this year.

A rigorous rationalisation was necessary to bring this about. In the past year, operations were sold, factories closed, divisions "rationalised" and since 1982 the payroll has been reduced by 10 665 people. This has cost R5m-R6m, and three or four factories may never be opened again, according to financial director Ted Garner. The main benefits will only be seen in 1987.

Sugar has again become the most important sector. Its profit contribution was 41,6% in 1985 but 51,8% in 1986; though sugar's profits fell 1,8% to R52m, production dropped 27,5% and the cane:sugar ratio remained lower than that of the industry, as did the sucrose level.

Two major problem areas are building and textiles. Building materials' contribution crashed from 20,7% to 6,7% pre-interest, and capacity utilisation was under 60%. In addition, there are 320m bricks in stock. Textiles actually made a loss. The collapse of the denim market, in particular, caused a profit turnaround of R5,4m to a loss of R1,6m, despite breaking even in the second half.

During the rationalisation, new acquisitions were made in the food and aluminium sectors. The food business obtained R29m from the sale of operations, and invested in a ginnery in Swaziland and a Cape mushroom farm, while the 24% shareholding held by Alcan of Canada was acquired by the aluminium division (whose profits have declined consistently since 1983).

Upturn is expected to gain momentum this year. Brokers' forecasts are for earnings of 75c-85c and the share price suggests that investors agree.

Obviously, an important factor will be the outlook for sugar, though Garner expects dependence upon sugar to be reduced. Profitability has improved in the local market, and the export market should provide the "cherry on the top," Garner says, with the world price up from £67/t a year ago to £97/t (rand equivalents are R169 and R382 respectively).

Aluminium should show a small improvement, while starch and sugars should maintain earnings, and the effect of the "major pruning" in the food division last year will be reflected in this year's figures.

While rationalisation benefits may keep flowing through, no solid recovery can be expected until management has resolved its

three main problems. Results need to be improved in building materials and textiles, and the heavy debt burden must be eased.

Building and textiles are expected to enjoy the benefits of last year's cuts. An eventual consolation is that the stockpile of bricks will enable the company to enjoy a "R30m improvement for doing nothing," if government's stimulatory package boosts demand, in the meantime the stocks are costly to hold. Expected improvements in demand for denim and increased export sales are also expected to move the textiles division into profit. Garner points out that any increase in volumes in Tongaat's high fixed-cost operations will benefit margins, which were halved in 1986.

He admits the key issue is debt. Borrowings were cut by R28m last year and this, combined with lower interest rates — borrowings of R400m have overdraft-related rates — pared the interest bill by R3,9m to R99m. Lower rates this year should reduce the interest bill by over 20%, and Garner believes government will not let interest rates "rise too high." But, though gearing does not look high, debt cover is low, and Garner anticipates that borrowings should be cut another 5% this year. He says there will be no rights issue.

It would seem the improvement will continue, with a little help from increased demand and higher sugar prices. But at a p/e ratio of 30,6 and a projected p/e of 9 based on average forecasts from brokers, the improvement looks fully discounted by the present price.

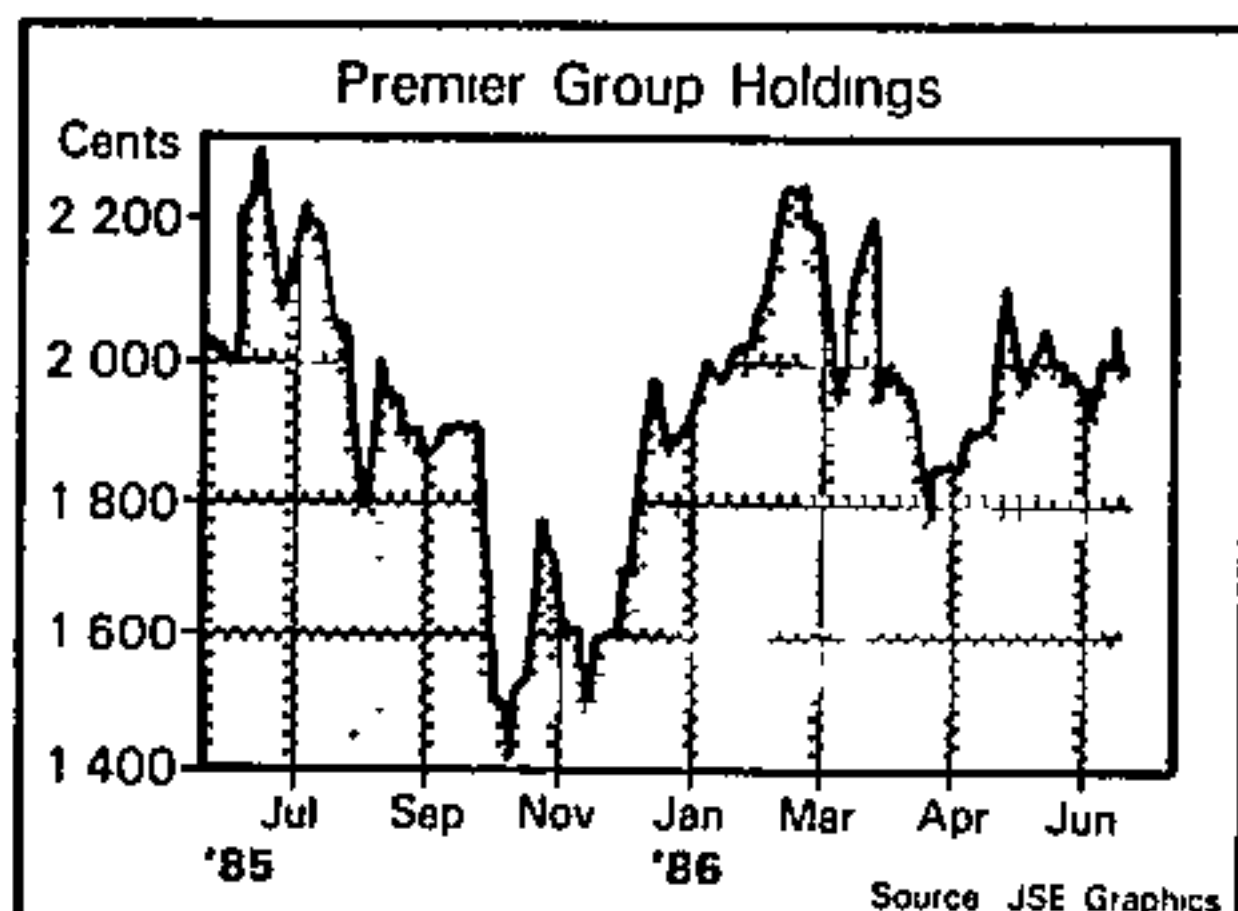
Pat Kenney

PREMIER

Standing firm

At 2150c, down from a yearly high of 2300c on March 3, Premier's ordinary shares yield 4% on dividend. They lag sector-leader Tiger Oats but enjoy a better rating than Fedfood, which yields 4,6%, and are ahead of the food sector average of 4,8%. If management could only resolve nagging problems in the food division then that could unleash a further rerating.

Overall trading profits held firm in the 1986 year (they rose by 0,4%), suggesting that the group performed creditably enough. But it was a year when the diversification into non-food interests was particularly useful. Premier Food Industries (Premfood) lift-



Chairman hits at labour arrests

THE chairman of one of SA's largest food manufacturers has sharply criticised government over labour arrests and said detentions were disrupting production.

Premier Food Industries chairman Peter Wrighton told shareholders of Jabula Foods that 31 of the company's workers were arrested while attending the funeral of a colleague, allegedly murdered in a labour dispute.

"The workers had been given permission by senior management to attend the funeral"

As this action was disrupting production and causing tension in labour

relations, Wrighton called on the authorities to charge or release the workers

"Representations to various authorities have not been successful"

Wrighton advised shareholders that trading conditions would continue to remain difficult for the immediate future in view of the state of emergency. He said the company's trading performance for the first two months of this year could be regarded as satisfactory under the circumstances

14/7/86
BWS/DAT
MICK COLLINS
186

Always 15/7/86

BUS

VENTURES

Cadbury goes for the imported chocolate market

By DEREK TOMMEY
Financial Editor

CADBURY, South Africa's top chocolate manufacturer, is entering the import replacement business

It has launched a new line of chocolate bars with filled centres to try to capture the share of the chocolate market previously held by imported European chocolate

The slide in the rand has priced many of these imported lines out of the market.

Cadbury's marketing manag-

er, Mr Steve Jourdan, said the new range, which has been given the name "BonTon", was high quality chocolate made in the Continental style

The bars, which had mint, orange and hazelnut centres, weighed 75 grams and the suggested retail price was 97c

The aim was to make a high quality product at a retail price near to the normal chocolate price

"It is expected that the high quality of the bars will appeal to people in the A and B

groups, while the price should make the bars popular with people in other income groups," said Mr Jourdan

South Africans spent about R600 million a year on chocolate and sweets, he said

The chocolate market was worth about R275 million and Cadbury held 52 percent of it

South Africa imported about R50 million worth of chocolates a year. But this figure included other chocolate products as well as chocolate bars

R6

Boost for PE chocolate manufacturer

Business Reporter

186
O/E port
14/186

PORT ELIZABETH chocolate manufacturer Cadbury is aiming for a bigger bite of the confectionery market. The company has invested R100 000 at its city factory in developing a line of new Continental-style, soft-centred chocolate bars as the result of the spiralling price of imported confectionery as the rand continues to plummet.

The new product is aiming for a significant share of the R50-million-a-year specialised market, currently

dominated by imported chocolates

Production of the new product will add to the R130 million in confectionery already produced by the company

Mr Steve Jourdan, Cadbury's marketing manager, said that the new line was made of high-quality chocolate in Continental style, with the emphasis on a blending of textures and flavours

Flights

Sugar body to 'take sides'

24/7/86
Own Correspondent 186

DURBAN — The Sugar Association has taken a strong stand against apartheid and is to "take sides" on major issues.

At SASA's annual meeting in Durban yesterday, chairman Mr Kees van der Pol said "This signals a break with our traditionally apolitical stance

"We can no longer remain silent on issues such as the abolition of apartheid, power sharing on an equitable basis and the restoration of law and order."

He said SASA had a proud record of promoting black advancement with schemes such as the SASA Industrial Training Centre, the first multiracial centre of its kind in the country which initially operated in defiance of apartheid laws, and the Sugar Industry Trust Fund which has enabled thousands of underprivileged children to receive an education

Sasa passes resolution opposing apartheid

THE SA Sugar Association (Sasa) has passed a resolution expressing its opposition to apartheid and is to draw up an affirmative action programme to be carried out in the near future, the association's chairman Kees van der Pol said yesterday.

Speaking at Sasa's annual meeting in Durban yesterday, he said the anti-apartheid resolution should be regarded as the industry's declaration of intent to do what it could to promote changes which would create an equitable SA society.

"Traditionally Sasa has kept a low profile on political issues, but we can no longer remain silent, even though our members represent the entire political spectrum," he said.

While not taking sides for or against government, Van der Pol said Sasa "must take sides on such major issues as the abolition of apartheid, the sharing of power on an equitable basis among all sectors of our population and in the restoration of law and order in our society."

Van der Pol said although Sasa — which represents 25 000 growers, 15 mills and a central refinery, and employs more than 154 000 people throughout the KwaZulu/Natal region — had carried out its social responsibilities and had made considerable progress towards a more equitable society, much remained to be done.

"We must not only aim to alleviate the effects of apartheid, but must also work towards the abolition of apartheid by setting an example and providing leadership within our sphere of influence.

"We must openly support and encourage government to proceed in haste with its declared goal to abolish apartheid."

Van der Pol said violence begot violence and all would be losers.

"The abolition of apartheid is not an end in itself to be achieved at any price — it is the means to bring about a just, peaceful and prosperous society in which we can all share."

"I also hope and trust our overseas customers and friends of SA will accept our resolution as an expression of solidarity with their objectives to promote change, and not as an empty response to the threat of sanctions."

Van der Pol said if economic sanctions were imposed, the many forces working for peaceful change within SA would find themselves on the opposite side of those seeking change through sanctions.

"There is another way to promote change, and I refer to the Natal/KwaZulu indaba, in which Sasa is playing an active role, seeking to promote power-sharing in Natal."

"It is my honest belief that we can find a workable structure which could be an example to the rest of our country" — Sasa.

Sugar bosses to 'take sides on power-sharing'

The Argus Correspondent
DURBAN — The South African Sugar Association (Sasa) has taken a strong stand against apartheid and is to actively "take sides" on issues such as power-sharing.

At Sasa's annual meeting here yesterday the chairman,

Dr Kees van der Pol, said the association's anti-apartheid resolution should be regarded as the industry's declaration of intent to do what it could to create an equitable South African society

"Traditionally Sasa has kept a low profile on political issues, but we can no longer remain silent, even though we have represented among members of our industry the entire political spectrum."

While not taking sides for or against the Government, Dr van der Pol said the association could not sit on the fence on major issues such as the abolition of apartheid, power-sharing on an equitable basis and the restoration of law and order

"These issues affect our economy and indeed our very survival as a South African nation"

He said Sasa had a proud record of promoting black advancement. However, much had to be done

"We must work towards the abolition of apartheid"

"The abolition of apartheid is not an end in itself to be achieved at any price — it is the means to bring about a just, peaceful and prosperous society in which we all can share."

9/16 7/21/76
**Paarl polony
factory closes**

Own Correspondent

PAARL — One of the biggest polony factories in the Boland, Paschens Polony Factory and Butchery Pty Limited, has closed its doors after being in business for many years.

The "drop in the economy" was blamed for the closure which resulted in 56 employees losing their jobs. The business was originally started by immigrants from Europe.

Plans for the polony factory are being discussed but details are not available at this stage.

29/7/86 Bus Day

Sugar gets first sweet news in some years

186

MICK COLLINS

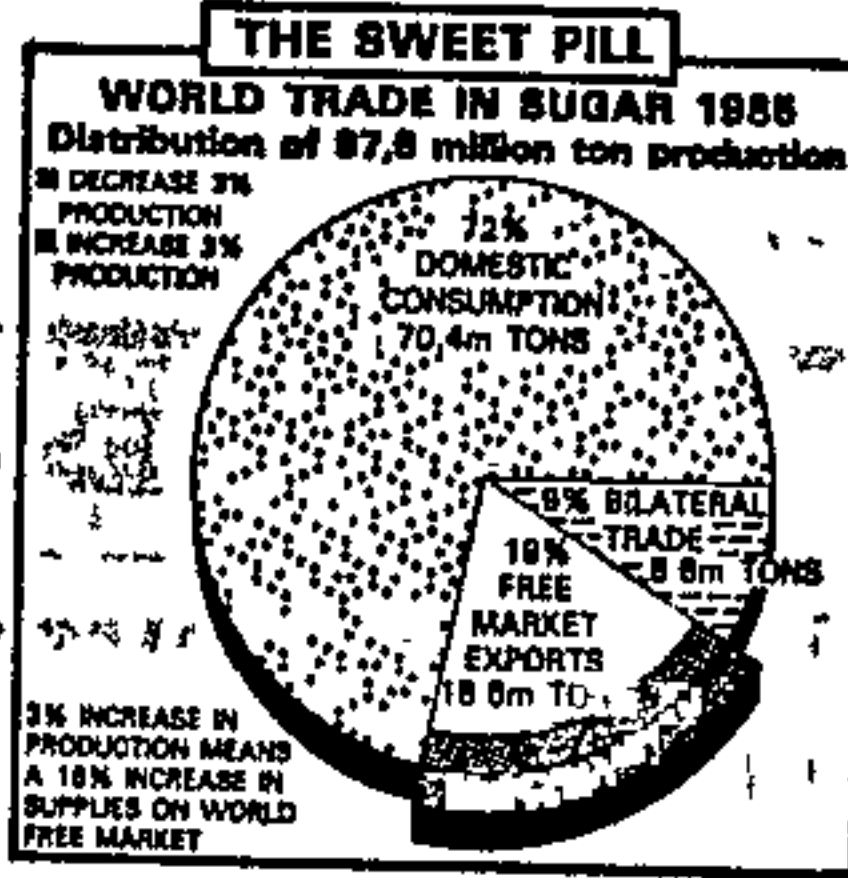
THE acerbity felt by the sugar industry for the past few years has been sweetened by falling world stocks and reports of massive Russian buying.

At the start of the 1985/86 sugar season, production was estimated at 2,29-million tons with 1,04-million tons surplus to domestic requirements and available for export.

However, lack of good spring rains hit output, and total saleable production was 2,1-million tons after allowing for refining loss.

With domestic markets being crimped by slow sales, it became necessary to reduce local allocation from 1,23-million tons to 1,19-million. This left a balance of 914 298 tons for export.

Figures released in the annual report of the SA Sugar Association reflect disas-



trously low world prices from the start of the season until early July.

Reasons given for the low prices were the level of world stocks, which had been increasing steadily, and at that stage reached an all-time high of 40-million tons.

A sudden turn-around towards the end of July saw the price creep to over \$100/ton and then move steadily upwards until it reached an 18-month high of \$128 in November.

Statistics showed that consumption would outstrip production for the first time in four years during the world sugar year 1985/86 which began on September 1.

Major reasons which impacted on the market were deferments of large tonnages by Cuba and Brazil, due to drought and hurricane damage, coupled with reports of Russian buying.

On the first trading day of March the price jumped by \$10 to \$136 and then followed a steep rise to a 28-month high of \$204,50 on April 8.

Expectations of increasing consumption in Asia, along with drought in the Caribbean, has given the market a more positive outlook for the future.

SASA chairman Frank Jones told *Business Day* that prospects for the current season were better than they had been in years.

116us 30/7/86

COMMODITIES

Outlook brighter for SA sugar industry

The Argus Correspondent

DURBAN — The local sugar industry was clearly facing a better year but a number of adverse factors made it important to guard against over-optimism, Dr Kees van der Pol, chairman of SA Sugar Association, said here

Addressing the association's annual meeting, Dr van der Pol said the industry could expect a marked improvement from the export sector as a result of the price rise from 2,5 US cents a pound to 6 cents a pound and the effects of the lower rand.

Moreover, analysts believed that world demand for sugar would exceed supply this year — but only marginally. The remaining balance of world stocks was still large enough to prevent a significant movement in price unless there was a major crop failure somewhere in the world.

The export market was "still a dumping market and totally unprofitable". The present price — while clearly better — was still well below the cost of production. No producer in the world — and South Africa was still among the lowest-cost producers in the world — could do better than earn a contribution towards fixed costs.

He said the local crop was again suffering from drought in several areas and the eldana borer was thriving on these conditions.

CARBOHYDRATE CUTBACKS

Moreover, the per capita consumption of sugar in the domestic market dropped by more than 5 per cent in the past year.

The recession, unrest and high unemployment among blacks were factors. Quite apart from the serious impact on the industry's income, consumers' cutbacks on carbohydrate intakes was having a serious effect on the health of blacks.

Clearly the industry had to renew its approach to the fiscus to drop general sales tax on sugar. Sugar was the only non-luxury food still subject to this tax.

Overall — even if the industry had the good fortune of realising its estimates on price and volume in local and export markets in the year ahead — Dr van der Pol said profitability of the industry would remain squeezed. It would be well below that necessary to enable it to make a significant contribution towards repayment of individual and industrial loans.

Also addressing the meeting, vice-chairman Ian Smeaton said in the 1985-86 season the local market had declined by 1,5 percent compared with a positive long-term sales trend of 2,7 percent. In spite of this, proceeds realised from the domestic and export markets exceeded R1 billion for the second season running.

WANTED

3/13/85
305041
**Chickens get
a fairer deal**

Business Day reporter 186

FARM FARE Ltd, which is experiencing its seventh day of strike action at its poultry processing plant in Wynberg, Johannesburg, said yesterday it had managed to sell all surplus live birds to the market place

A company spokesman said Farm Fare did not intend destroying any chickens and would make every effort to sell excess birds while the strike continued

But the position may have to be reviewed if Farm Fare was unable to process birds for a prolonged period.

FIN MAIL 116186
SUGAR SALES

The GST plea

Local sugar sales are taking a pounding — at a time when the domestic market, at both industrial and retail levels, is becoming increasingly important to the industry. Relative sales percentage changes over the past seven years reflect the increasing importance of this

During the 1977-1978 season, domestic sales contributed 53% of industry income. However, since export prices began to fall six years ago, the industry has had to turn increasingly to the local market for its income. Last season, local sales contributed 77% of total income.

Translated into revenue, the figures tell a similar story. In the past five years, proceeds from local market sales totalled just over R3 billion, while export earnings over the same period barely approached R1 billion.

The steadily rising local sugar price is a major force behind the slowing sales pattern — as South African Sugar Association (SASA) officials confirm. The over-the-counter price of 2,5 kg of white sugar in Johannesburg is now R2,40. Industrial users pay R758/t.

This year, for example, the domestic sugar price was increased by 15%. Annual increases of this order have become an accepted pattern in the industry — although SASA is quick to point out that the long-term trend in price increases is below that of the CPI.

With the negative impact of a sluggish economy, high unemployment and the unrest situation disrupting the distribution pipeline

and preventing sugar from reaching all its markets, sugar sales last season were down by 1,5% on the previous year.

Seen against the background of a positive 2,7% average growth in the long-term sales trend, and the growing importance of the domestic market in revenue terms, the slide is disturbing.

SASA's national marketing and communications manager, Frans Oosthuizen, says he does not expect this year's sales to be any better than 1985 — and if the political situation deteriorates, sales could fall even further.

"Quite frankly, one does not know what to expect for the rest of the season. With retail consumer expenditure down 7% in real terms, we will be doing well if we merely retain the same level as last year."

Given the high profile of the domestic market, falling sales are likely to have a significant impact on the industry's total earnings this season. However, with the industry's extreme sensitivity to criticism that it uses the price-controlled local market to make good total losses, SASA is unlikely to approach the government for a further price increase to compensate for shrinking sales volumes. "We will simply have to live with it," says Oosthuizen.

What is more likely is that SASA will step up pressure to have sugar added to the list of basic foodstuffs which are exempt from GST. That way it can be assured of an immediate 12% price reduction to help stimulate sales.

GLOBAL MARKETING

Hitting the target

The world is becoming ever more homogeneous as people come to demand the same kind of products wherever they may be.

LES PHIPPS

Les Phipps, assistant manager (advertising) for the FM and *Business Day*, died peacefully at Montana Guest Farm, Magaliesberg, on Sunday. He was 62.

He was born in London in 1923, and his first job — which he took at 15 — was with Afrikaanse Pers Beperk (APB), which ran an operation in London at that time. During World War II Phipps served with the RAF after which he rejoined APB as office manager.

He came to SA (to work here for APB) in 1964, and was appointed Advertisement Manager of the *Financial Gazette*.



**Fawu sit-in
strike enters
second week**

By Mike Siluma

The sit-in strike by about 500 members of the Food and Allied Workers' Union (Fawu) at Farmfare, a Premier subsidiary, enters its eighth day today.

Workers are demanding a 50 percent increase on their minimum wage of R86 a week.

They have rejected a 7,5 percent rise over six months, said Fawu regional secretary Mr Paul Ntuli.

He said talks began in June and, despite several meetings, the company remained "rigid".

Mr Ntuli said management had declined to negotiate further unless the strike ended and had warned that unless workers returned by 2 pm yesterday, it would evict them.

A responsible view on life

Pick 'n Pay spends between R1.5m-R2m a year on corporate social responsibility programmes

The group was the first to become involved in the Urban Foundation, and pledged R500 000 to it over five years.

The foundation uses that money for the improvement of the quality of life in black communities

CE Raymond Ackerman's marketing philosophy is that people are all-important. He says: "If you look after the community you serve, they will in turn look after your business."

ACKERMAN

His group not only gives cash donations to welfare organisations, but donates money to smaller companies to create cash which in turn will help communities help themselves.

Ackerman invests some of his time on advisory committees, and does not view this in monetary terms, but rather as an aid for communities to improve their quality of life.

Each year he puts his weight behind one major project. Last year it was Operation Hunger, and this year the SOS Children's Villages Association. Ackerman says

"We don't need hunger in SA"

"I believe businessmen should put more money into community projects, this could help to change overseas perspectives about SA, which in turn will make foreign countries realise that we don't need boycotts and sanctions"

The SOS, started in 1947, operates 590 projects in 100 countries.

In Europe, it has 3-million supporters, community and corporate. SA SOS head Dave Jackson says the programme focuses on family breakdown and its consequences

He says "We have strong support from the government, as well as embassies and the corporate sector"

"Family life is breaking down, and SA will pay the price of tension in industrial relations, low productivity, and political unrest."

**DEPARTEMENT VAN HANDEL
EN NYWERHEID**

No. 1687 15 Augustus 1986
Bylae 2 van Goewermentskennisgewing 1584 van 1 Augustus 1986 word soos volg verbeter:

**DEPARTMENT OF TRADE
AND INDUSTRY**

No. 1687 15 August 1986
Schedule 1 of Government Notice 1584 of 1 August 1986 is corrected as follows:

Standaardno. en jaar/ Standard No. and year	Titel, bestek en strekking/ Title, scope and purport
11 1411 01	<i>Materiaal in geisoleerde elektriese kables en buigsame koorde. Deel I-1986 Geleiers. Hierdie deel van die spesifikasie dek vereistes vir vyf klasse geleiers in geisoleerde elektriese kables en buigsame koorde / Materials of insulated electric cables and flexible cords Part I-1986 Conductors. This part of the specification covers requirements for five classes of conductor in insulated electric cables and flexible cords</i>

DEPARTEMENT VAN MANNEKRAG

No. 1714 15 Augustus 1986
LOONWET, 1957

**LOONRAADONDERSOEK.—HERSIENING VAN
LOONVASTSTELLING 439, LEKKERGOEDNYWER-
HEID, SEKERE GEBIEDE**

Na aanleiding van 'n versoek deur die Minister van Mannekrag gee die Loonraad hierby kragtens artikel 15 (3) (a) van die Loonwet, 1957, kennis dat die bovermelde ondersoek begin het en dat die raad te gelegener tyd 'n verslag en 'n aanbeveling aan die Minister sal voorlê.

Belanghebbende persone word hierby die geleentheid gebied om skriftelike vertoë tot die Raad te rig. Sodanige vertoë moet die Sekretaris, Loonraad, Privaatsak X108, Pretoria, 0001, nie later nie as 15 September 1986 bereik.

DEPARTMENT OF MANPOWER

No. 1714 GOVT. GAZ 15 August 1986
WAGE ACT, 1957 (186)

**WAGE BOARD INVESTIGATION.—REVISION OF
WAGE DETERMINATION 439, SWEET MANUFACTURING
INDUSTRY, CERTAIN AREAS**

In pursuance of a request by the Minister of Manpower the Wage Board hereby give notice in terms of section 15 (3) (a) of the Wage Act, 1957, that the above-mentioned investigation has commenced and that the Board will in due course submit a report and a recommendation to the Minister.

Interested persons are hereby given the opportunity of making written representation to the Board. Such representations should reach the Secretary, Wage Board, Private Bag X108, Pretoria, 0001, not later than 15 September 1986.

KENNISGEWING 558 VAN 1986**SUID-AFRIKAANSE RESERWEBANK**

Staat van Bates en Laste op die 31ste dag van Julie 1986

<i>Laste</i>		<i>Bates</i>	
	R		R
Kapitaal	2 000 000,00	Goud	2 985 636 513,62
Reserwefonds .. .	42 919 519,89	Buitelandse	
Note in omloop .. .	4 368 778 529,00	Wissels .. .	2 587 333,36
Deposito's		Beleggings .. .	133 634 859,94
Regering .. .	1 199 246 222,84	Ander bates .. .	757 387 952,06
Provinsiale administrasies	32 964 094,87		
Bankiers .. .	685 520 907,28	Totaal aan goud en buitelandse bates	3 879 246 658,98
Andere .. .	1 514 544 705,34	Binnelandse	
Ander laste .. .	3 601 502 686,74	Gediskonteerde wissels	901 150 000,00
		Lenings en voorskotte	
		Regering .. .	—
		Andere .. .	1 084 756 031,26
		Sekuriteite	
		Regering .. .	491 463 704,30
		Andere .. .	136 015 042,00
		Ander bates .. .	4 954 845 229,42
	<u>R11 447 476 665,96</u>		<u>R11 447 476 665,96</u>

Verhouding van goudreserwe tot verpligtings teenoor die publiek min buitelandse bates 56,0 persent
Pretoria, 5 Augustus 1986

C J SWANEPOEL, Hoofbestuurder

NOTICE 558 OF 1986**SOUTH AFRICAN RESERVE BANK**

Statement of Assets and Liabilities on the 31st day of July 1986

<i>Liabilities</i>		<i>Assets</i>	
	R		R
Capital .. .	2 000 000,00	Gold .. .	2 985 636 513,62
Reserve Fund .. .	42 919 519,89	Foreign	
Notes in circulation .. .	4 368 778 529,00	Bills .. .	2 587 333,36
Deposits		Investments .. .	133 634 859,94
Government .. .	1 199 246 222,84	Other assets .. .	757 387 952,06
Provincial administrations .. .	32 964 094,87		
Bankers .. .	685 520 907,28	Total gold and foreign assets	3 879 246 658,98
Other .. .	1 514 544 705,34	Domestic	
Other liabilities .. .	3 601 502 686,74	Bills discounted	901 150 000,00
		Loans and Advances	
		Government .. .	—
		Other .. .	1 084 756 031,26
		Securities	
		Government .. .	491 463 704,30
		Other .. .	136 015 042,00
		Other assets .. .	4 954 845 229,42
	<u>R11 447 476 665,96</u>		<u>R11 447 476 665,96</u>

Ratio of gold reserve to liabilities to the public less foreign assets 56,0 per cent
Pretoria, 5 August 1986
(15 Augustus 1986)/(15 August 1986)

C J SWANEPOEL, General Manager.

KENNISGEWING 559 VAN 1986
DEPARTEMENT VAN MANNEKRAG
LOONWET, 1957

LOONRAADONDERSOEK —HERSIENING VAN LOONVASTSTELLING 436, BROOD- EN BANKET- NYWERHEID, SEKERE GEBIEDE

Die Loonraad het, kragtens artikel 15 (3) (b) van die Loonwet, 1957, besluit om persone wat belang het by bogenelde ondersoek waarvan besonderhede in *Staatskoerant* 10251 (by Goewermentskennisgewing 1041) van 30 Mei 1986 gepubliseer is, toe te laat om mondelinge vertoe tot die Raad te rig. Vir dié doel sal die Raad vergaderings hou op die plekke, datums en tye hieronder aangedui.

- (a) *George* (vir die landdrostdistrik Knysna en vir die munisipale gebiede van George, Mosselbaai en Oudtshoorn) —In die Raadkamer, Departement van Mannekrag, Landdrosggebou, Yorkstraat, om 15h30 op 5 September 1986,

NOTICE 559 OF 1986
DEPARTMENT OF MANPOWER
WAGE ACT, 1957

WAGE BOARD INVESTIGATION.—REVISION OF WAGE DETERMINATION 436, BREAD AND CONFECTIONERY INDUSTRY, CERTAIN AREAS

The Wage Board has decided, in terms of section 15 (3) (b) of the Wage Act, 1957, to allow persons who have an interest in the above-mentioned investigation, particulars of which were published in *Government Gazette* 10251 (under Government Notice 1041) of 30 May 1986 to submit oral representations to the Board. For the purpose of hearing representations, the Board will hold meetings at the places, dates and times indicated below.

- (a) *George* (for the Magisterial District of Knysna and for the municipal areas of George, Mossel Bay and Oudtshoorn) —In the Boardroom, Department of Manpower, Magistrate's Offices, York Street, at 15h30 on 5 September 1986;

A fine show at Becketts

W

T W BECKETT, Anglovaal's beverage company, has performed well in the second half to raise earnings 52% to 152c a share from 100c in the year to

June

The dividend was increased to 60c a share (40c), giving an unchanged dividend cover of 2,5 times

The directors forecast an increase in earnings in the current year

Part of the improvement can be attributed to the absence of forex losses, which amounted to R1,8m last year. However, most of Beckett's brands also improved their market shares

Turnover rose 21% to R166,6m from

186 BUDY 19/8/86
Investment Staff

R138,2m, and with trading margins improving slightly to 12,3% (11,6%), operating income increased to R20,5m from R16,1m in the previous year

Higher investment income of R218 000 (R116 000) and lower interest charges of R4,1m (R5,9m) left pre-tax profits at R16,6m (R10,3m)

A tax bill of R7,45m (R4,3m) and unchanged preference dividends paid of R15 000 resulted in attributable profits of R9,2m, compared with R5,99m in the 1985 financial year

At 1 350c the share yields 11,3% on earnings and 4,4% on dividends.

Research Group. recently been a strong
C/A. Text 22/8/86 (186) set 199.

I & J profits rise

JOHANNESBURG — Ivin & Johnson (I & J) increased attributable earnings for the year ended June 30, by 7% to R20,19m (R18,83m)

A dividend of 26c (25c) covered 2,8 times (2,7) was declared.

The preliminary consolidated results released yesterday show that turnover rose by 18% to R612,1m (R517,6m), but slightly lower margins restricted the improvement in net operating profit to 12% at R37,2m (R33,4m)

Income from investments was lower, but interest paid rose to R3,6m (R2,9m) giving a pre-tax profit that was 9% higher at R34,3m (R31,4m)

A slightly increased tax rate raised the bill to R14,1m (R12,8m), leaving an after-tax profit of R20,1m (R18,7m) — 72c (67c) a share.

Of the year, the board said the anticipated economic recovery expected in the second half of 1985 did not materialize and adverse business conditions persisted throughout their financial year.

This curbed the growth rate which the company had achieved over the previous eight years

"However, although profitability ratios were slightly lower, they remained satisfactory by industry standards," the board said.

The continuing recession retarded growth in the frozen food market and with both volumes and prices in a depressed state, profit margins were lower in both percentage and absolute terms.

Of the future, the board said they are "unpredictable as they depend to a greater degree than ever before on political developments within SA and the country's interface with the rest of the world.

"The continued grossly excessive inflation rate, negative real growth, fragile business confidence and the tense political situation all point to difficult trading conditions with low margins and modest growth in the current financial year" — Sapa

No. R. 1808

29 Augustus 1986

WET OP ARBEIDSVERHOUDINGE, 1956

SUIKERVERVAARDIGINGS- EN RAFFINEERNY-
WERHEID.—HERNUWING VAN OOREENKOMS

Ek, Pieter Theunis Christiaan du Plessis, Minister van Mannekrag, verklaar hierby, kragtens artikel 48 (4) (a) (ii) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van Goewermentskennisgewing R. 2204 van 5 Oktober 1984 en R. 1821 van 23 Augustus 1985, van krag is vanaf die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 31 Maart 1987 eindig.

P. T. C. DU PLESSIS,
Minister van Mannekrag.

No. R. 1809

29 Augustus 1986

WET OP ARBEIDSVERHOUDINGE, 1956

SUIKERVERVAARDIGINGS- EN RAFFINEERNY-
WERHEID.—WYSIGING VAN OOREENKOMS

Ek, Pieter Theunis Christiaan du Plessis, Minister van Mannekrag, verklaar hierby—

- (a) kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van die Ooreenkoms (hierna die Wysigingsooreenkoms genoem) wat in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 31 Maart 1987 eindig, bindend is vir die werkgewersorganisasie en die vakverenigings wat die Wysigingsooreenkoms aangegaan het en vir die werkgewers en werknemers wat lede van genoemde organisasie of verenigings is; en
- (b) kragtens artikel 48 (1) (b) van genoemde Wet, dat die bepalings van die Wysigingsooreenkoms, uitgesonderd dié vervat in klousule 1 (1) (a), met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 31 Maart 1987 eindig, bindend is vir alle ander werkgewers en werknemers as dié genoem in paragraaf (a) van hierdie kennisgewing wat betrokke is by of in diens is in genoemde Onderneming, Nywerheid, Bedryf of Beroep in die gebiede in klousule 1 van die Wysigingsooreenkoms gespesifiseer.

P. T. C. DU PLESSIS,
Minister van Mannekrag.

BYLAE

NYWERHEIDSRAAD VIR DIE SUIKERVERVAARDIGINGS- EN
RAFFINEERNYWERHEID

OOREENKOMS

ingevolge die Wet op Arbeidsverhoudinge, 1956, gesluit deur en aange-
gaan tussen die

The Sugar Manufacturing and Refining Employers' Association
(hierna die "werkgewers" of die "werkgewersorganisasie" genoem), aan
die een kant, en

The Amalgamated Engineering Union
The Natal Sugar Industry Employees' Union
The South African Electrical Workers' Association
The Sugar Industry Employees' Association
S.A. Boilermakers', Iron and Steel Workers', Shipbuilders' and
Welders' Society
Natal Sugar and Refining and Allied Industries Employees'
Union, en
Sweet, Food and Allied Workers' Union

No. R. 1808

29 August 1986

LABOUR RELATIONS ACT, 1956

SUGAR MANUFACTURING AND REFINING INDUS-
TRY.—RENEWAL OF AGREEMENT

I, Pieter Theunis Christiaan du Plessis, Minister of Manpower, hereby, in terms of section 48 (4) (a) (ii) of the Labour Relations Act, 1956, declare the provisions of Government Notices R. 2204 of 5 October 1984 and R. 1821 of 23 August 1985, to be effective from the date of publication of this notice and for the period ending 31 March 1987.

P. T. C. DU PLESSIS,
Minister of Manpower.

No. R. 1809

29 August 1986

LABOUR RELATIONS ACT, 1956

SUGAR MANUFACTURING AND REFINING INDUS-
TRY.—AMENDMENT OF AGREEMENT

I, Pieter Theunis Christiaan du Plessis, Minister of Manpower, hereby—

- (a) in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement (hereinafter referred to as the Amending Agreement) which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 31 March 1987, upon the employers' organisation and the trade unions which entered into the Amending Agreement and upon the employers and employees who are members of the said organisation or unions; and
- (b) in terms of section 48 (1) (b) of the said Act, declare that the provisions of the Amending Agreement, excluding those contained in clause 1 (1) (a), shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 31 March 1987, upon all employers and employees, other than those referred to in paragraph (a) of this notice, who are engaged or employed in the said Undertaking, Industry, Trade or Occupation in the areas specified in clause 1 of the Amending Agreement.

P. T. C. DU PLESSIS,
Minister of Manpower.

SCHEDULE

INDUSTRIAL COUNCIL FOR THE SUGAR MANUFACTURING
AND REFINING INDUSTRY

AGREEMENT

in accordance with the provisions of the Labour Relations Act, 1956, made
and entered into by and between

The Sugar Manufacturing and Refining Employers' Association
(hereinafter referred to as the "employers" or the "employers' organisa-
tion"), of the one part, and

The Amalgamated Engineering Union
The Natal Sugar Industry Employees' Union
The South African Electrical Workers' Association
The Sugar Industry Employees' Association
S.A. Boilermakers', Iron and Steel Workers', Shipbuilders' and
Welders' Society
National Sugar and Refining and Allied Industries Employees'
Union, and
Sweet Food and Allied Workers Union

thema die "werknemers of die vakvereniging" (samen), aan die ander kant, die Nywerheidsraad vir die Suikervervaardigings- en Raffineriesnywerheid, wat die party is by die Nywerheidsraad vir die Suikervervaardigings- en Raffineriesnywerheid, om die Ooreenkoms gepubliseer by Goewernementskennisgewing R 2204 van 5 Oktober 1984 soos gewysig by Goewernementskennisgewing R 1821 van 23 Augustus 1985 verder te wysig.

1 TOEPASSINGSBESTEK VAN OOREENKOMS

- (1) Hierdie Ooreenkoms moet in die Suikervervaardigings- en Raffineriesnywerheid nagekom word—
- (a) deur alle werkgewers wat van die werkgewersorganisasie is en deur alle werknemers wat lede van die vakverenigings is.
- (b) in die landdrosdistrik Durban (ingesondert daardie gedeeltes wat voor die publikasie van Goewernementskennisgewing 1401 van 16 Augustus 1968 binne die landdrosdistrik Umhlanga (geval bel), Hibisa, Janda, Lower Tugela, Lower Umfolozi, Manzini, Pietermaritzburg, Port Shepstone en Umzinto, in die landdrosdistrik Easton, soos omskryf, voor die heromskrywing van sy plaaslike grense by Goewernementskennisgewing 1356 van 6 September 1963, en in die landdrosdistrik Pietermaritzburg.
- (2) Ondanks subklousule (1) is hierdie Ooreenkoms—
- (a) van toepassing slegs op werknemers vir wie lone in hierdie Ooreenkoms voorgeskryf word.
- (b) van toepassing op vakleerlinge vir sover dit die studing is met die Wet op Maatskappijopleiding 1981, of met voorwaardes daartoe.
- (c) nie van toepassing op voltydse studente en skoliers wat gedurende vakansietye binne die Nywerheidsraad werk gedoen het nie.

2 KLOUSULE 4—WERKOMSKRYPING EN GRADE

Sekste 1—Ingeenskattelegorie
In subklousule 1.4 onder (Ou verdelingsgelyke)

Vog by "Meulroller boogswaier, en onder omskrywing voeg by gebruike van n voorafgestelde boogswaiermasjien om rollemande groot te maak.

In subklousule 1.5 onder (Ou verdelingsgelyke)
Skraap, Meulroller-boogswaier, en onder omskrywing skraap, n voorafgestelde boogswaiermasjien gebruik om rollemande groot te maak.

3 KLOUSULE 6—BESOLDIGING

Vervang subklousules (a) (b) en (c) deur die volgende

"(a) By die Amankulu, Darnall, Emtimene, Felixton, Gladhow, Glendale, Mlomo, Mandstone, Mount Edgcombe en Umfolozi-millens, (b) alle werknemers met uitsondering van werknemers vir die vervoer en oordra van suikerretel.

(i) werknemers vir die vervoer en oordra van suikerretel.

Grade	Seni per uur
A1	180
A2	213
A3	253
B1	306
B2	347
B3	398
B4	455
B5	560

(b) alle werknemers by die Pongola, Sezela en Umzimkulu-millens

Grade	Seni per uur
A1	148,0
A2	162,6
A3	179,5
B1	198,5
B2	221,5
B3	248,0
B4	282,0
B5	345,5
C1	426,0
C2	488,5
C3	559,0

(herenamer referred to as the "employees" or the "trade unions"), of the other party, being the parties to the Industrial Council for the Sugar Manufacturing and Refining Industry, to further amend the Agreement published under Government Notice R 2204 of 5 October 1984 as amended by Government Notice R 1821 of 23 August 1985.

1 SCOPE OF APPLICATION OF AGREEMENT

- (1) The terms of this Agreement shall be observed in the Sugar Manufacturing and Refining Industry—
- (a) by all employers who are members of the employers' organisation and by all employees who are members of the trade unions.
- (b) in the Magisterial District of Durban (excluding that portion which, prior to the publication of Government Notice 1401 of 16 August 1968 fell within the Magisterial District of Umhlanga, Hibisa, Janda, Lower Tugela, Lower Umfolozi, Manzini, Pietermaritzburg, Port Shepstone and Umzinto, in the Magisterial District of Easton as defined prior to the redefinition of its local limits under Government Notice 1356 of 6 September 1963 and in the Magisterial District of Pietermaritzburg).
- (2) Notwithstanding the provisions of subclause (1), the terms of this Agreement shall—
- (a) only apply in respect of employees for whom wages are prescribed in this Agreement.
- (b) apply to apprentices in so far as they are not inconsistent with the provisions of the Manpower Training Act 1981, or any conditions prescribed or any notice served in terms thereof.
- (c) not apply to full time students and scholars who have obtained employment within the industry during vacation periods.

2 CLAUSE 4—JOB DEFINITIONS AND GRADES

Section 1—Engineering Categories
In subclause 1.1.4 under (Old jobs covered)
Add "Mill roller and welder" and under Definition add "using pre set welding machine to roughen mill rollers".

In subclause 1.1.5 under (Old jobs covered)
Delete "Mill roller and welder" and under Definition delete "using pre-set arc welding machine to roughen roller teeth".

3 CLAUSE 6—REMUNERATION

Substitute the following for subclauses (a) (b) and (c)

"(a) At the Amankulu, Darnall, Emtimene, Felixton, Gladhow, Glendale, Mlomo, Mandstone, Mount Edgcombe and Umfolozi Mills (b) all employees other than Cane Transport and Transhipping employees

(i) Cane Transport and Transhipping employees

Grade	Cent per hour
A1	166,5
A2	181,5
A3	198,5
B1	221,0
B2	246,5
B3	276,5
B4	313,0
B5	379,5
C1	426,0
C2	488,5
C3	559,0

(b) At the Pongola, Sezela and Umzimkulu Mills. All employees

Grade	Cent per hour
A1	148,0
A2	162,6
A3	179,5
B1	198,5
B2	221,5
B3	248,0
B4	282,0
B5	345,5
C1	426,0
C2	488,5
C3	559,0

Bewerens die loonskale in (b) hierbo vermeld moet aan alle A- en B-gradewerknemers n voedseltoeslag van R75 per maand betaal word.
Aan alle A- en B-gradewerknemers aan wie klere deur die Maatskappij uitgeleë word moet n toelae van R1,50 per maand betaal word as bydrae tot die instandhoudingskoste van die ooreenkoms.

Aan alle gestroomde A- en B-gradewerknemers ten opsigte van wie die werkgewer nie n stas is om huisvesting op die werkgewer se perseel aan te bied nie moet n uitwoning van R50 per maand betaal word. Mei dien verstande dat die betrokke werknemer be-wys kan lewer van besetting van sodanige woonperseel binne n rede-lyke pendelafstand van sy werksplek, en welke personeel deur sy werkgewer goedgekeur is.

(c) By die Hulett raffinaderij
Alle werknemers

Grade	Seni per uur
A1	212,0
A2	228,5
A3	250,0
B1	272,5
B2	297,5
B3	324,0
B4	354,5
B5	433,0
C1	510,0
C2	583,0
C3	666,5

KLOUSULE 8—SKOFTOELAE

Vervang die 7½ persent deur 8 persent

5 KLOUSULE 18—BETALING VIR OORTYD

Vervang die voorbehoudbepaling by Klousule 18 (1) (b) (ii) deur die volgende:
"Met dien verstande dat aan n werknemer wat nie skofwerk verrig nie, en van wie verins word dat toegeleë word om oortyd te werk tussen middernag en die gewone aanvangstyd van sy volgende skof, diñbel sy uurloon vir die totale tydperk wat by aldus gewerk het, betaal moet word. Bewerens moet aan hom vir elke uur of gedeelte van n uur wat by aldus gewerk het, een dienstydse uur met volle besoldiging toegestaan word vanaf die aanvang van sy volgende gewone werksydperk, mits sodanige dienstydperk nie deur die einde van sy volgende gewone werksydperk strek nie.

Nietesstaande die bepaling van hierdie klousule, wanneer n werk-nermer voor middernag uitgeroep is en van hom verwag word of hy toege-leë word om aan te melding te doen van n versaking te werk, sal hy teen dubbel sy uurloon vir alle ure wat hy na middernag aan die versaking ge-werk het, betaal word.

6 KLOUSULE 22—JAARLIKSE VERLOF

Vervang subklousule (1) deur die volgende:
(1) (a) Onderwerp aan subklousule (1) (b), sal elke werknemer uitge-sonderd n loswerknemer verlof oopgaar ten opsigte van elke volklooiende diensjaar teen die volgende tarief:
(i) 15 werkdase verlof met besoldiging in die geval van n werknemer wat vyf dae per week werk
(ii) 18 werkdase verlof met besoldiging in die geval van n werknemer wat ses dae per week werk
Wanneer sodanige verlof geneem word, moet dit vier volle naweke insluit en ononderbroke wees, tensy ander-sins onderling ooreengekom word tussen die werkgewer en die werknemer, en moet onderworpe wees aan sub-klousule 4.

(b) Werknemers wat twee jaar ononderbroke diens by dieselfde werkgewer voltooi het, sal daarna verlof oopgaar ten opsigte van elke daaropvolgende volklooiende diensjaar by daardie werkgewer teen die volgende tarief:
(i) 20 werkdase verlof met besoldiging in die geval van n werknemer wat vyf dae per week werk,
(ii) 24 werkdase verlof met besoldiging in die geval van n werknemer wat ses dae per week werk
Wanneer sodanige verlof geneem word, moet dit vyf volle naweke insluit en ononderbroke wees, tensy ander-sins onderling ooreengekom tussen die werkgewer en die werknemer, en moet onderworpe wees aan subklousule (4).

7 KLOUSULE 26—SIEKTEVERLOF

Vervang subklousules (5) (a) en (5) (b) deur die volgende:
(5) (a) Die reg op siekteverlof loop soos volg op:
(1) In die geval van n werknemer wat nie meer as vyf dae per week werk nie, teen n koers van een werkdag ten opsigte van elke volklooiende maand van diens tot n mak-simum betrugging op 36 werkdase siekteverlof, en

In addition to the rates in (b) above, all A & B grade em- ployees are to be paid a feeding allowance of R75 per month.
All A & B grade employees in receipt of Company issued cloth- ing are to be paid an allowance of R1,50 per month towards the costs of maintaining overalls.
All married A & B grade employees in respect of whom the employer is unable to offer accommodation on the employer's premises shall be paid a living-out allowance of R50 per month. Provided that the employee concerned shall furnish proof of occupa- tion of residential premises within a reasonable commuting distance of his place of work and which premises shall have been approved by the employer.

(c) At the Hulett Refinery
All employees

Grade	Cent per hour
A1	212,0
A2	228,5
A3	250,0
B1	272,5
B2	297,5
B3	324,0
B4	354,5
B5	433,0
C1	510,0
C2	583,0
C3	666,5

4 CLAUSE 8—SHIFT ALLOWANCE

Substitute 8 per cent for 7½ per cent

5 CLAUSE 18—PAYMENT FOR OVERTIME

Substitute the following for the proviso to Clause 18 (1) (b) (ii)
Provided that any employee not on shift work who is required or permitted to work overtime between midnight and the usual starting time of his next work period shall be paid at double his hourly wage for the period so worked. In addition he shall be granted one hour time off on full pay from the commencement of his next usual work period for each hour or part of an hour so worked, provided that such time off does not extend beyond the end of his next usual work period.

Notwithstanding the provisions of this clause where an employee is called out before midnight and is required or permitted to work continuous overtime on a breakdown he shall be paid at double his hourly wage for all hours worked after midnight while he is engaged on the breakdown.

6 CLAUSE 22—ANNUAL LEAVE

Substitute the following for subclause (1)
(1) (a) Subject to subclause (1) (b) employees, other than casual em- ployees shall accrue leave in respect of each completed year of employment at the following rate:
(i) 15 working days, paid leave of absence in the case of an employee who works a five-day week,
(ii) 18 working days, paid leave of absence in the case of an employee who works a six-day week
When such leave of absence is taken, it shall include four clear week-ends and be for an unbroken period unless otherwise mutually agreed upon between the employer and the employee and subject to subclause 4.

(b) Employees who have completed two years continuous service with the same employer, shall thereafter accrue leave in respect of each subsequent completed year of employment with that employer at the following rate:
(i) 20 working days, paid leave of absence in the case of an employee who works a five-day week,
(ii) 24 working days, paid leave of absence in the case of an employee who works a six-day week
When such leave of absence is taken, it shall include five clear week-ends and be for an unbroken period unless otherwise mutually agreed upon between the employer and the employee and subject to subclause (4).

7. CLAUSE 26—SICK LEAVE

Substitute the following for subclauses (5) (a) and (5) (b):
(5) (a) Sick leave entitlement shall accrue as follows:
(1) In the case of an employee who works no more than five days a week, at the rate of one working day in respect of each completed month of employment to a maximum entitlement of 36 work-days sick leave, and

- (2) in die geval van enige ander werknemer, teen 'n koers van een werkdag ten opsigte van elke voltooide vier weke van diens tot 'n maksimum beregtiging op 42 werkdag sekteverlof".

Subklousule 5 (c) moet as 5 (b) hernommer word.

Vervang subklousule (6) (i) en (6) (ii) deur die volgende.

- "(6) (1) Op die datum waarop hierdie Ooreenkoms in werking tree, moet 'n werkgever elke werknemer krediteer met die siekteverlof wat hom toekom ooreenkomstig die bepalings van klousule 26 van die vorige Ooreenkoms

Hierdie Ooreenkoms geteken te Durban op 5 Mei 1986.

T. G. MANN,
Voorsitter.

A. BRITZ,
Ondervoorsitter.

E. M. TOUGH,
Sekretaris.

No. R. 1810

29 Augustus 1986

WET OP ARBEIDSVERHOUDINGE, 1956

NYWERHEIDSRaad VIR DIE BREINYWERHEID (TRANSVAAL).—HERNUWING VAN OOREENKOMS

Ek, Mattheus Willem Johannes le Roux, Direkteur: Mannekrag, behoorlik daartoe gemagtig deur die Minister van Mannekrag, verklaar hierby, kragtens artikel 48 (4) (a) (ii) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van Goewermentskennisgewings R. 544 van 18 Maart 1983, R. 271 van 8 Februarie 1985 en R. 504 van 21 Maart 1986 van krag is vanaf die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 30 September 1986 eindig.

M. W. J. LE ROUX,
Direkteur: Mannekrag.

DEPARTEMENT VAN OPENBARE WERKE
EN GRONDSAKE

No. R. 1775

29 Augustus 1986

REGISTRASIE VAN AKTES WET, 1937

VERBETERINGSKENNISGEWING.—DIE TEKS VAN GOEWERMENTS KENNISGEWING R. 1653 WAT IN STAATSKOERANT 10378 VAN 8 AUGUSTUS 1986 VERSKYN HET WORD HIERBY VERBETER SOOS UITEENGESIT IN DIE BYLAE HIERVAN

BYLAE

1. In die Engelse teks word die woorde "identity document" in die laaste twee reëls van regulasie 2 vervang met die woorde "identity number".

2. Die woord "Identiteitsdokument" in die tweede laaste reël van regulasie 2 word vervang deur die woord "identiteitsnommer".

3. In die Engelse teks word regulasie 4 vervang deur die volgende regulasie:

"4. Regulation 45 of the Regulations is hereby amended by the substitution for subregulation (2A) of the following subregulation:

(2A) Where a procedure has been adopted in a Deeds Registry of filing of record in the form of a micro-film reproduction of any type of deed or document it shall notwithstanding anything to the contrary in the Regulations not be necessary to lodge a duplicate copy of such deed or document for filing of record in that Deeds Registry, and upon registration such deed or document shall be deemed to be

- (2) In the case of every other employee, at the rate of one working day in respect of each completed four weeks of employment to a maximum entitlement of 42 work-days sick leave".

Subclause (5) (c) to be renumbered (5) (b)

Substitute the following for subclause (6) (i) and (6) (ii)

- "(6) (1) On the date of commencement of this Agreement an employer shall credit each employee with their sick leave entitlement accrued under the provisions of Clause 26 in the previous Agreement"

This Agreement signed at Durban on 5 May 1986

T. G. MANN,
Chairman

A. BRITZ,
Vice-Chairman.

E. M. TOUGH,
Secretary

No. R. 1810

29 August 1986

LABOUR RELATIONS ACT, 1956

INDUSTRIAL COUNCIL FOR THE KNITTING INDUSTRY (TRANSVAAL).—RENEWAL OF AGREEMENT

I, Mattheus Willem Johannes le Roux, Director: Manpower, duly authorised thereto by the Minister of Manpower, hereby, in terms of section 48 (4) (a) (ii) of the Labour Relations Act, 1956, declare the provisions of Government Notices R. 544 of 18 March 1983, R. 271 of 8 February 1985 and R. 504 of 21 March 1986 to be effective from the date of publication of this notice and for the period ending 30 September 1986.

M. W. J. LE ROUX,
Director: Manpower.

DEPARTMENT OF PUBLIC WORKS AND
LAND AFFAIRS

No. R. 1775

29 August 1986

DEEDS REGISTRIES ACT, 1937

CORRECTION NOTICE.—THE TEXT OF GOVERNMENT NOTICE R. 1653 WHICH APPEARED IN THE GOVERNMENT GAZETTE 10378 OF 8 AUGUST 1986 IS HEREBY CORRECTED AS SET OUT IN THE SCHEDULE HERETO

SCHEDULE

1. In the Afrikaans text the word "identiteitsnommer" is substituted for the word "identiteitsdokument" in the second last line of regulation 2.

2. The words "identity number" are substituted for the words "identity document" in the last two lines of regulation 2.

3. The following regulation is substituted for regulation 4:

"4. Regulation 45 of the Regulations is hereby amended by the substitution for subregulation (2A) of the following subregulation.

(2A) Where a procedure has been adopted in a Deeds Registry of filing of record in the form of a micro-film reproduction of any type of deed or document it shall notwithstanding anything to the contrary in the Regulations not be necessary to lodge a duplicate copy of such deed or document for filing of record in that Deeds Registry, and upon registration such deed or document shall be deemed to be

31/11
SONGMIN 12

Fawu meeting

THE Food and Allied Workers' union is to hold a regional meeting in Alexandra on Sunday.

The meeting will focus on — among other things — wage negotiations and working conditions at Coca Cola plants and the principle of one-union-one-industry.

Fawu's regional vice-chairman, Mr George

Nena, said members from various Coca Cola plants on the Reef were invited to attend

These plants include Devland, Benrose, Pretoria, Clayville, Vaal Bottlers, Wadeville Canning Division and Witbank.

The meeting will be held at Nobuhle Hall, and starts at 9am

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Argus 12/19/86
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Meat workers vote for union

Labour Reporter
EMPLOYEES of Spekenam, a
Stikland meat products fac-
tory, voted overwhelmingly in
favour of recognition of the
Food and Allied Workers'
Union (Fawu) at the plant this
week

Workers said they held a
three-day work stoppage at the
factory last week in support of

demands that management re-
cognise the union

They said management was
delaying recognition negotia-
tions unnecessarily and there
had been intimidation and
threats of dismissal for joining
the union from lower level
management

Mr Frikkie de Klerk, manag-
ing director of Spekenam, was
not available for comment

~~15/27~~ ~~28/0~~ 186 ~~3/1986~~ 1986

Union and fruit industry bosses differ on sanctions

Labour Reporter

WORRIED employers in the fruit industry have had talks with the Food and Allied Workers' Union about the effects of sanctions and how to minimise them.

But the discussions exposed a basic difference between employers and the union

Spokesmen for the co-operatives — Ceres Fruit Growers, Kromrivier Apple and Elgin Fruit Packers — said the talks were "very positive".

Mr Jan Engelbrecht, general manager of Kromco, said up to 80 percent of the co-ops' income was derived from exports. He estimated that up to a million people in the region could be dependent on the fruit industry.

"We came to an understanding with the union about sanctions, but they were very hesitant to take a definite stand until they had been able to discuss the issue with their membership," he said.

The Fawu spokesman said if employees were laid off, workers would not hold responsible the people overseas who had pushed for sanctions as a pressure for change.

"They are going to hold employers and the Government responsible. If employers are concerned they should try to influence the Government to remove the basic reason for sanctions.

"Immediate measures must be to lift the state of emergency, release detainees and address South Africa's real problems," he said.

Sweets firm under fire from UK shareholders

THE management of sweet manufacturers Wilson Rowntree has come under fire from one of its major shareholders for its role in South Africa.

In the statement by the Joseph Rowntree Charitable Trust, released in York, England, the firm's management is called on to rebut charges that it collaborates with the Security Police.

The trust, which bears the name of the founder of Rowntree Mackintosh, is also the second largest shareholder in the firm. The South African concern is a subsidiary.

The trust's chairman, Christopher Holdsworth, says it has decided to make a public statement because certain of the company's actions "may, rightly or wrongly, be seen to bring aid and comfort to the Pretoria regime at a time when people working for peaceful change are in detention, in hiding, or suffering intolerable harassment.

Holdsworth says the trust was "disturbed" to learn that a senior executive from Wilson Rowntree had been subpoenaed to give evidence for the state during the Pietermaritzburg treason trial of four leaders of the South African Allied Workers Union.

The trust was "sorry", the statement

By FRANZ KRUGER

said, that the company, having been involved against its will, "did not attempt at the time to distance itself publicly from the proceedings", which had been widely seen as a political show trial.

During the trial, a Security Policeman made allegations about contact and collaboration between the Security Police and a number of companies, including Wilson Rowntree. "In the context of the South African situation, such allegations are extremely serious."

The company had always denied such collaboration. "In view of the sworn evidence, the trust believes that the company's best interests would be served if it published a detailed rebuttal in South Africa."

Despite praising the company for its "forthright condemnation of the apartheid system", the trust also criticised the fact that the firm has joined the British Industry Committee on South Africa (Bicsa), which it calls an anti-sanctions lobby.

The trust says the firm has "unnecessarily taken what will widely be seen in South Africa as a political stance inconsistent with its declared opposition to apartheid".

Score turns in excellent interim result

SCORE Food Holdings has achieved brilliant interim results, justifying its high market rating as a rapid growth group.

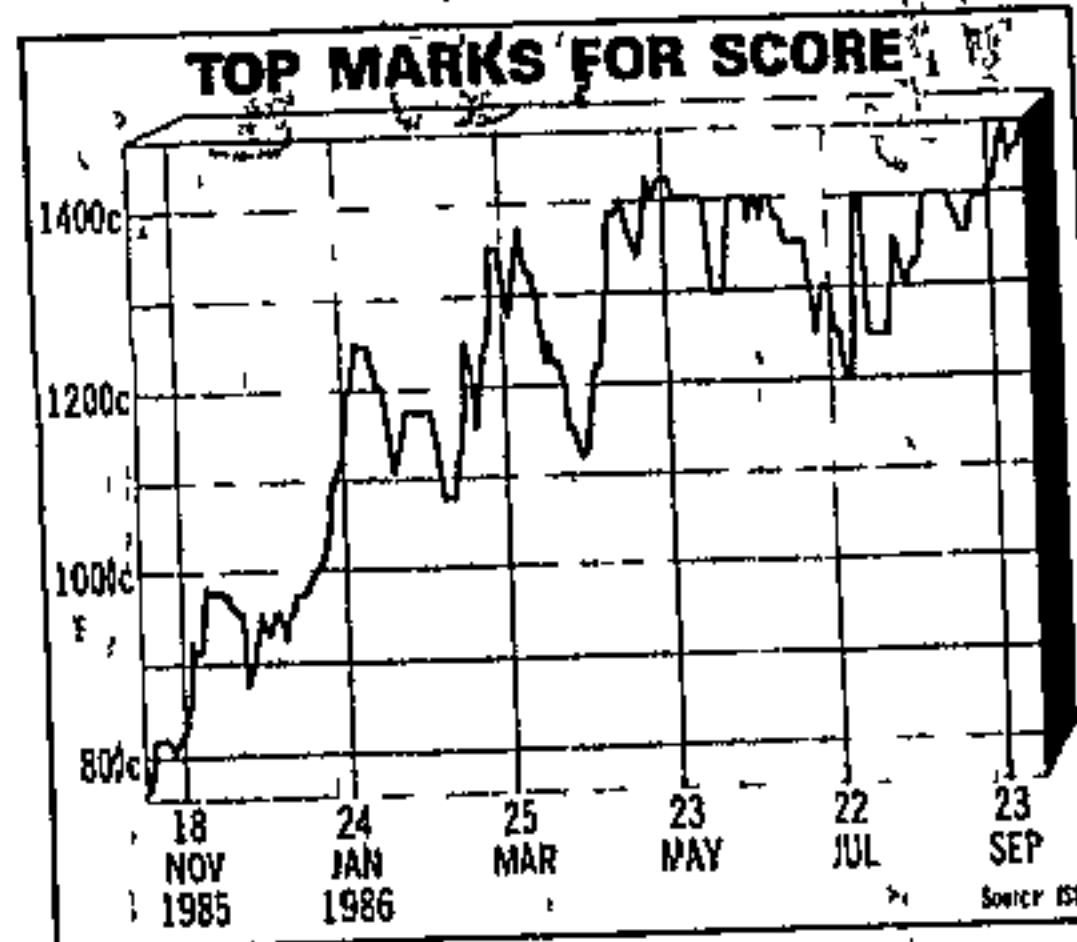
The retail and wholesale cash and carry chain's earnings for the six months to August rose by 48% to 23,2c a share from the 1985 half-year's 15,7c a share. The interim dividend has been raised to 7,5c from 5c.

Hisco, the newly-listed group pyramid, will pay a maiden interim dividend of 3,75c.

Without Grand Supermarket's loss of R285 747 for the three-month period since acquisition, Score's earnings would have increased by 60%.

However, the old Grand Bazaars has already been transformed into Grand Supermarkets and has been totally restructured with financial disciplines improved and stores refurbished and re-launched.

Directors are confident that second-half earnings will improve because of



LIZ ROUSE

seasonal factors and a return to profitability at Grand.

The rejuvenated group should make a net profit of about R750 000 in the year to February 1987. This adds 5,4c a share to Score's year-end earnings. The group will also benefit from Grand's assessed tax loss at the year-end.

Further expansion is on the cards — Score has reached an agreement to acquire a 40% interest in The People's Trading Centre of Malawi. The deal is awaiting approval by SA and Malawi authorities.

Score's turnover shot up by 73% to R330,6m in the six months to August

● To Page 2

Score's turnover shoots up

from R191,1m in the 1985 half-year, with Grand contributing R39,8m in three months. The group's increase, excluding Grand's contribution, was 52% to R290,8m, a remarkable achievement in a recession-ridden economy.

Net attributable income increased by 53% to R3,2m (R2,1m). The operating profit margin on sales was a narrow 2,3% compared with 2,8% in the previous full year. Score's margin will improve once Grand swings into profits.

Score directors said results were ahead of projections, both in the retail division (Score Discount Food Stores and

A & A Supermarkets) and the wholesaling operation (Trador). Grand was performing ahead of budgets.

Two new Trador stores were opened, while the Benoni outlet moved to bigger premises.

Score shares firmed 25c to a new high of R14,75 yesterday. The stock far outperformed most other store stocks this year, showing a 50% gain relative to the retail and wholesale sector gain since December 1985.

● From Page 1

Taste for Squires shares

LIZ ROUSE

SQUIRES Foods, SA's largest independent restaurant and fast-foods group, proved tasty for investors — its public offer was 46,44 times oversubscribed.

Applications totalling R138,2m were received for over 162,5-million shares, reflecting the current fervour to acquire a stake in shares. The price was popularly pitched at 85c. The public was allotted 3,5-million shares and 2,5-million shares were privately placed.

Managing director Andy Mizarollis said the public offer would be allocated on the following basis:

Those who applied for 4 600 shares or more would receive about 2% of their initial application.

Applicants for fewer than 4 600 shares would be subject to a ballot with successful applicants receiving 100 shares.

A total of 25-million Squires shares will be listed in the beverages and hotels sector of the JSE on Wednesday, October 23 — the first company of its kind to be listed on the main board of the JSE.

Brokers said the debut promised to be hectic, offering staggling opportunities.

Squires is forecasting earnings of 8,6c a share and a 4,3c dividend payment in the year ending September 1987. This translates into a prospective price/earnings ratio of 10,7 times, which compares with 15,5 times on Spurs and 19,1 times on Juicy Lucy, both listed on the development capital market.

Cape Times
15/10/86 (186) Cape

Bossie Clarke's workers arrested

Labour Reporter

POLICE arrested 21 workers at the Bossie Clarke fodder factory in Klipheuwel yesterday morning when workers challenged management over 18 "retrenchments" at the plant.

According to the Food and Allied Workers' Union (FAWU), which represents all 30 workers at the plant, management summarily paid off 18 workers on Monday without following the correct procedures for retrenchment or negotiating with the union.

"All the workers turned up at the factory the following day, but management locked the gates and only let six in."

"When the others refused to leave, they opened the gates and then called the police who arrested 21 workers for trespassing," a union spokeswoman said.

Mr Clarke, who once played rugby for Western Province and is a former captain of the WP Cricket Club, declined to comment yesterday.

Police, however, confirmed that 21 workers had been arrested. They were released after being given written warnings to appear in the Malmesbury Magistrate's Court today.

It is not yet clear whether all the arrested workers have been dismissed, but the union says management gave police the pay-packets of all workers charged.

CAC TRUB 18/10/86 (186) (188)

Assault: Workers down tools

Labour Reporter

ONE-hundred-and-sixty-one workers at the Tiger Oats factory in Maitland downed tools yesterday to protest against management's refusal to dismiss or suspend a foreman who assaulted a worker.

The Food and Allied Workers' Union (Fawu), which has majority representation at the plant, said that in terms of the law, and its recognition agreement with management, assault was an offence for which a person could be summarily dismissed.

The acting managing director of Tiger Oats, Mr Michael Paddick, said

yesterday that the stoppage was against the terms of the company's agreement with Fawu Management had held "a full disciplinary inquiry into the incident and did not consider the offence to be of sufficient gravity to warrant dismissal".

Fawu said workers were prepared to return to work if the foreman was suspended pending an investigation.

The union and management held talks yesterday to try to resolve the matter, but no agreement was reached.

The union will report back to its members on Monday.

CAT 7118 22/10/86

Striking employees return

Labour Reporter

THE 161 Tiger Oats employees who downed tools on Friday following an assault, returned to work yesterday when management and the Food and Allied Workers' Union (Fawu) agreed to refer the dispute to arbitration, a management spokesman said.

The workers went on strike to protest against management's refusal to

dismiss or suspend the foreman involved in the incident.

The acting managing director of Tiger Oats, Mr Michael Paddick, said production at the plant was "back to normal" and his company and the union would now decide who to appoint as arbitrator in the matter.

He expected arbitration to begin next week.

"TABEL 3
MERKE WAT OP SEKERE BEHEERDE DIERE AANGEBRING MOET WORD
 (Regulasie 29)

Doel van merk	Merk	Plek op liggaam waar merk aangebring moet word
1	2	3
Om tuberkulose besmetting in 'n bees aan te dui . . .	T	Linkerkant van die nek
Om brucellose besmetting in 'n bees aan te dui	C	Regterkant van die nek
Om 'n dier met betrekking waartoe 'n bek-en-klouseerbeheermaatreël van toepassing is, te identifiseer	F	Regterkant van die nek
Om 'n dier te identifiseer—	V	Regterkant van die nek.
(a) wat met 'n ander siekte as tuberkulose of brucellose besmet is; of		
(b) waarop 'n beheermaatreël anders as 'n bek-en-klouseerbeheermaatreël van toepassing is		
Om 'n bees te identifiseer wat uit 'n bek-en-klouseer beheerde gebied ten ooste van 28° oosterlengte verwyder word en wat nie reeds met 'n "F" gemerk is nie	Twee simbole wat onderskeidelik die maand en jaar van verwydering van die betrokke dier aandui, en wat bestaan uit L vir 1, J vir 2, 7 vir 3, F vir 4, V vir 5, > vir 6, A vir 7, < vir 8, U vir 9, D vir 10, P vir 11 en C vir 12	Regterkant van nek"

No. R. 2215

24 October 1986

MARKETING ACT, 1968 (ACT 59 OF 1968)

WINTER CEREAL SCHEME.—SELLING PRICES OF CERTAIN WINTER CEREAL PRODUCTS—CORRECTION NOTICE

Government Notice R. 2079 of 26 September 1986 published in *Government Gazette* 10473 of the said date is hereby corrected—

- (a) by the substitution in Part I of the Afrikaans text of the table—
- for the figures "608,29" where it occurs in column 6 opposite the entry "50-kg-katoenhouders" in column 2, of the figures "608,39"; and
 - for the figures "657,24" where it occurs in column 6 opposite the entry "1-kg-papierhouders" in column 2, of the figures "657,80";
- (b) by the substitution in Part I of the table for the figures "1 158,13" where it occurs in column 8 opposite the entry "500-g-papierhouders" in column 2, of the figures "1 184,15".
- (c) by the substitution in Part II of the table for the figures "782,05" where it occurs in column 4 opposite the entry "65 kg jute bags" in column 2, of the figures "782,08"; and
- (d) by the substitution in Part II of the Afrikaans text of the table for the figures "838,32" where it occurs in column 7 opposite the entry "25-kg-katoenhouders" in column 2, of the figures "878,32".

No. R. 2216

24 October 1986

MARKETING ACT, 1968 (ACT 59 OF 1968)

REGULATIONS RELATING TO APPEALS AND INSPECTION FEES.—AMENDMENT

The Minister of Agricultural Economics has under section 89 of the Marketing Act, 1968 (Act 59 of 1968), made the regulations in the Schedule.

No. R. 2215

24 Oktober 1986

BEMARKINGSWET, 1968 (WET 59 VAN 1968)

WINTERGRAANSKEMA.—VERKOOPPRYSE VAN SEKERE WINTERGRAANPRODUKTE—VERBETERINGSKENNISGEWING

Goewermentskennisgewing R. 2079 van 26 September 1986 gepubliseer in *Staatskoerant* 10473 van vermelde datum word hierby verbeter—

- (a) deur in Deel I van die tabel—
- die syfers "608,29" waar dit in kolom 6 teenoor die inskrywing "50-kg-katoenhouders" in kolom 2 voorkom, deur die syfers "608,39" te vervang;
 - die syfers "657,24" waar dit in kolom 6 teenoor die inskrywing "1-kg-papierhouders" in kolom 2 voorkom, deur die syfers "657,80" te vervang;
 - die syfers "1 158,13" waar dit in kolom 8 teenoor die inskrywing "500-g-papierhouders" in kolom 2 voorkom, deur die syfers "1 184,15" te vervang;
- (b) deur in Deel II van die Engelse teks van die tabel die syfers "782,05" waar dit in kolom 4 teenoor die inskrywing "65 kg jute bags" in kolom 2 voorkom, deur die syfers "782,08" te vervang; en
- (c) deur in Deel II van die tabel die syfers "838,32" waar dit in kolom 7 teenoor die inskrywing "25-kg-katoenhouders" in kolom 2 voorkom, deur die syfers "878,32" te vervang.

No. R. 2216

24 Oktober 1986

BEMARKINGSWET, 1968 (WET 59 VAN 1968)

REGULASIES BETREFFENDE APPELLE EN INSPEK-SIEGELDE.—WYSIGING

Die Minister van Landbou-Ekonomie het kragtens artikel 89 van die Bemerkingswet, 1968 (Wet 59 van 1968), die regulasies in die Bylae uitgevaardig

SCHEDULE

Definitions

1. In this Schedule "the Regulations" means the regulations published by Government Notice R. 602 of 30 March 1984 (as corrected by Government Notice R. 1578 of 27 July 1984), as amended by Government Notices R. 1244 of 7 June 1985, R. 598 of 27 March 1986 and R. 2110 of 3 October 1986.

Substitution of Table 2

2. The following Table is hereby substituted for Table 2 of the Regulations.

**"TABLE 2
FEES FOR INSPECTIONS**

Kind of product	Inspection fee
1	2
1 Frozen fruit and vegetables	18c per 100 kg or part thereof, in a consignment, with a minimum of 18c per inspection
2 Dried fruit	45c per 100 kg or part thereof, in a consignment, with a minimum of 45c per inspection
3 Canned vegetables	15c per 100 kg of part thereof, in a consignment, with a minimum of 15c per inspection
4 Canned foodstuffs	15c per 100 kg or part thereof, in a consignment, with a minimum of 15c per inspection
5 Canned fruit	15c per 100 kg or part thereof, in a consignment, with a minimum of 15c per inspection
6 Canned mushrooms	15c per 100 kg of part thereof, in a consignment, with a minimum of 15c per inspection.
7 Cotton	R1,20 per bale or part thereof, in a consignment

No. R. 2217

24 October 1986

MARKETING ACT, 1968 (ACT 59 OF 1968)

DECIDUOUS FRUIT SCHEME.—NOTICES OF DELIVERIES—AMENDMENT

I, Jacob Johannes Greyling Wentzel, Minister of Agricultural Economics, hereby make known in terms of section 79 (c) of the Marketing Act, 1968 (Act 59 of 1968), that—

- (a) the Deciduous Fruit Board referred to in section 6 of the Deciduous Fruit Scheme published by Proclamation R. 220 of 1979, as amended, has under section 46 of the said Scheme amended the Schedule to Government Notice R. 2533 of 8 November 1985 to the extent set out in the Schedule hereto; and
- (b) the said amendment has been approved by me and shall come into operation on the date of publication hereof

J. J. G. WENTZEL,
Minister of Agricultural Economics.

BYLAE

Woordomskrywings

1. In hierdie Bylae beteken "die Regulasies" die regulasies gepubliseer by Goewermentskennisgewing R. 602 van 30 Maart 1984 (soos verbeter by Goewermentskennisgewing R. 1578 van 27 Julie 1984), soos gewysig deur Goewermentskennisgewings R. 1244 van 7 Junie 1985, R. 598 van 27 Maart 1986 en R. 2110 van 3 Oktober 1986.

Vervanging van Tabel 2

2. Tabel 2 by die Regulasies word hierby deur die volgende Tabel vervang:

**"TABEL 2
GELDE VIR INSPEKSIE**

Soort produk	Inspeksiegeld
1	2
1 Bevrore vrugte en groente	18c per 100 kg of gedeelte daarvan, in 'n besending, met 'n minimum van 18c per inspeksie
2 Droëvrugte	45c per 100 kg of gedeelte daarvan, in 'n besending, met 'n minimum van 45c per inspeksie
3 Ingemaakte groente	15c per 100 kg of gedeelte daarvan, in 'n besending, met 'n minimum van 15c per inspeksie
4 Ingemaakte voedsel	15c per 100 kg of gedeelte daarvan, in 'n besending, met 'n minimum van 15c per inspeksie
5 Ingemaakte vrugte	15c per 100 kg of gedeelte daarvan, in 'n besending, met 'n minimum van 15c per inspeksie
6 Ingemaakte sampioene	15c per 100 kg of gedeelte daarvan, in 'n besending, met 'n minimum van 15c per inspeksie.
7 Katoen	R1,20 per baal of gedeelte daarvan, in 'n besending''.

No. R. 2217

24 Oktober 1986

BEMARKINGSWET, 1968 (WET 59 VAN 1968)

SAGTEVRUGTESKEMA.—KENNISGEWINGS VAN LEWERINGS—WYSIGING

Ek, Jacob Johannes Greyling Wentzel, Minister van Landbou-ekonomie, maak hiermee ingevolge artikel 79 (c) van die Bemerkingswet, 1968 (Wet 59 van 1968), bekend dat—

- (a) die Sagtevrugteraad bedoel in artikel 6 van die Sagtevrugteskema gepubliseer by Proklamasie R. 220 van 1979, soos gewysig, kragtens artikel 46 van genoemde Skema die Bylae by Goewermentskennisgewing R. 2533 van 8 November 1985 gewysig het in die mate in die Bylae hierby uiteengesit; en
- (b) genoemde wysiging deur my goedgekeur is en op die datum van publikasie hiervan in werking tree.

J. J. G. WENTZEL,
Minister van Landbou-ekonomie.

New guidelines for fishing industry

Govt reels in big changes

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GOVERNMENT has decided to make fundamental and significant changes to the way it manages SA's marine resources and allocates quotas to the country's fishing industry.

Details of the proposed changes are contained in a White Paper released in Cape Town at the weekend by Environmental Affairs and Tourism Minister John Wiley.

They set out the Cabinet's response to the report and recommendations of the Diemont Commission whose brief was to inquire into and make specific proposals for the establishment of a firm set of principles for the allocation of fishing quotas.

Wiley described the commission's report as an admirable, penetrating and objective document, providing fundamental guidelines for the effective management of the country's marine resources.

CHRIS CAIRNCROSS
He said the recommendations had been accepted almost in their entirety, and legislative steps would now be taken to implement all the necessary changes as soon as possible — most of them in 1987.

The changes include:
 The allocation of quotas is no longer to be decided at ministerial level. Instead, this will be done by a Quota Board appointed by the Minister;

Government has no intention of acceding to requests to close the industry to new entrants, although future access will be carefully controlled;

It has been decided as a matter of policy that quotas should not be vested permanently in existing, past or future quota holders;

Hake and sole quotas of individual companies in the deep-sea and inshore sectors are to be awarded for 10 years;

A similar, extended 10-year quota period has been granted for pelagic fishing;

Companies involved in rock lobster fishing are to be granted a seven-year quota period for south coast lobsters, and a five-year quota period for the west coast;

Government has promised to reinforce its efforts to ensure SA fishing companies obtain the maximum quota rights to fish off Namibia.

● Government has promised to reinforce its efforts to ensure SA fishing companies obtain the maximum quota rights to fish off Namibia.

Prochem aims for early new year listing

PROTEA Chemicals (Prochem), a member of the Malbak group, is aiming for a listing early in the new year.

The listing will be achieved by a closed offer, offering shareholders in Malbak and, in turn, its parent company Malcor, a rights issue and

Investment Staff
shares in Prochem.

Prochem, one of the gems in the Protea Holdings stable when Malbak acquired control of Protea in 1984, has two main thrusts to its operations — chemicals trading

and manufacturing.

Prochem estimates that its turnover for the year to August 1987 will be around R215m. On the chemicals trading side of the operation, the group has five divisions which contribute about 60% of turnover.

THE Food and Allied Workers Union (Fawu) is to challenge the State of Emergency regulations on strikes and boycotts in the Pietermaritzburg Supreme Court next month. Fawu's action is a spinoff of their bid to have 166 dismissed Clover dairy workers reinstated.

An interim interdict was granted to Clover by the Pietermaritzburg Supreme Court on September 3, prohibiting the union from organising a boycott or publishing anything harmful to the dairy's reputation. The union has until November 26 to respond.

According to the Emergency regulations it is subversive to call or join an illegal strike or promote a boycott. Fawu's interpretation of the regulation was that calling for a product boycott following an industrial dispute was not a subversive statement. This is a "reasonable man's" view, their lawyer said, "but no one is sure of what the state's view is."

Much union activity has been paralysed by the vagueness of the Emergency regulation governing industrial action. Union leaders are uncertain about the difference between legitimate and subversive industrial action.

Fawu contacted the police last

Union to challenge strikes restriction

WEEKLY MAIL REPORTERS, Durban

month for the police position on product boycotts as potentially subversive activity. Lack of police response led Fawu to seek clarification from the courts.

Although it is unlikely the regulation will be scrapped, it is likely the state will be forced to present a clearer definition of subversive industrial action under the State of Emergency, Fawu's lawyer, Chris Albertyn said.

Meanwhile community groups countrywide are promoting a national boycott of Clover dairy products following Fawu's four-month struggle to have the 166 Clover workers reinstated.

The dismissed workers were protesting the firing of a popular union organiser in the Pietermaritzburg Clover factory.

Support committees were formed in response to last month's interim interdict. The committees have called on consumers to stop buying Clover,

National Co-operative Dairy and Elite products until the workers are re-employed.

A Fawu representative said the support committees' action was a direct response to Clover's heavy-handed labour approach. Fawu did not at any stage threaten the company with boycott action and management had only themselves to blame for losses incurred, she said. According to the representative, the community action was a ripple effect outside the control of the union.

After negotiations to reinstate the 166 workers failed, Fawu organised a legal strike involving 1 500 Clover workers throughout Natal. After four days of what Clover called "a disruption of their normal services", management offered to renew negotiations. On the workers' return, the union says management abruptly cancelled the meetings. Responding to the allegation on Wednesday, Clover denied cancelling any subsequent meetings.

During the legal strike, two Port

Shepstone Clover plant workers, Tobias Mbele and Reginald Cele, were detained under Emergency regulations. The union alleges they were pointed out by management to security police. Clover responded by saying the company cannot be accountable for police actions in pursuance of their responsibilities.

A few days later a Clover worker in Queensborough was also detained. A lawyer acting for the three said they were still in detention.

Congress of South African Trade Unions (Cosatu) representative René Roux said the three workers were neither shop stewards nor politically active.

In the light of the developments since the dismissal of the 166 workers, Fawu is bringing 20 charges of unfair labour practice against Clover before the Natal Industrial Court.

According to a Fawu representative, this decision led to the collapse or renewed negotiations over the fate of the 166 dismissed workers this week. Clover management reportedly told union officials they were not prepared to negotiate following Fawu's decision to take 20 cases to the industrial court.

The union labelled Clover's behaviour as "utter nonsense", as the disputes are separate from negotiations over the 166 workers.

3/10/76 (186) FIN MAIL
CADSWEP

Earnings sweetener

Cadbury Schweppes (Cadswep) has strengthened its earnings base with a R22,3m takeover which has also brought in Anglovaal Industries (AVI) as a new minority shareholder.

With effect from July, Cadswep is to acquire the Bromor foods division from Murray & Roberts (M & R). Payment is to be settled by the issue of 1 115 000 Cadswep shares at R20 a share. The price amounts to a 15,9% premium on the current market price of 1 725c a share. In turn, the new shares are to be acquired by AVI, which will then hold

FINANCIAL MAIL OCTOBER 3 1986

engineering sector p/e of 11,4 and yield of 3,6%. The group has been through a rough period in which confidence was shaken, but a conservative management with the backing of Rembrandt look to have the capability of keeping it on the right track. The share seems to deserve a higher rating in view of its improved prospects.

Kerry Clarke

26/10/76

Canners come to the JSE on bearings

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SUMMITES

THE second biggest food-canning company in SA, Gants Food Holdings, is coming to the Johannesburg Stock Exchange through reverse takeover of Davgra.

Until now Davgra has been a small company with interests in bearings. For the issue of 37.5-million shares, it is acquiring a food company with R10.5-million of earnings.

Gants cans fruit, vegetables, soups and meats and has a farm machinery operation. The Gant family will control the enlarged company.

At Davgra's present price of 275c, the merged company is capitalised at R126.5-million. It has sales of R140-million and taxed profit of R13-million.

Prospered

Earnings a share are expected to be 29c so the present price is under 10 times earnings. The food sector's average PE is 18.

David Gant, managing director of Gants Holdings, says the company, which exports 30% of its sales, has prospered on the lower rand. But sanctions threats notwithstanding, he believes earnings are sustainable and not subject to shocks.

"The canning industry had problems for years while it was fragmented, but there has been a lot of rationalisation. The number of canning factories has fallen by a half and today Koo and our-

By David Carte

...selves dominate the industry. Wholesalers and retailers are glad Koo has a competitor. They give us every encouragement.

Mr Gant believes his company has an advantage in being more market than production oriented, like the co-op running Langeberg and Koo.

"We produce only 5% of our own produce. The rest we buy from farmers."

Good growth

According to Mr Gant, domestic demand for canned food should grow strongly as black incomes rise, particularly because few of them own fridges.

Mr Gant says Gants farms and canning factories are well enough spread not to be subject to disastrous weather setbacks.

"Our operations are at Somerset West, Bapsfontein, Empangeni and in Swaziland."

Mr Gant, a Stellenbosch-trained lawyer, is the third generation of his family in food canning.

"My grandfather started Jones & Co in 1923 when he arrived here from Australia. My father Ward worked there, then started his own operation, Gants, in 1955. I have run the holding company for six years."

Robin Merry, deputy chairman of the SA Canned Food Control Board, is managing director of the food-canning operations.



David Gant... canning's in the blood

Striking winners

EIGHT advertising agencies were winners at the annual Institute of Advertisers congress in Johannesburg for the year 1975.

First in the "marketing and advertising" category was Wheeler, Bensch, for an advertisement.

Runner-up in this category was Bensch also took third prize.

In the "professional and technical" category won by DMB&B with Alto Levi second and DMB&B third.

The "financial, accounting and management" category was won by Klerck & McCormack for the Department of Foreign Affairs. DMB&B also took second spot, and Adma (Johannesburg) was third.

In the corporate company service category was first and third, with DMB&B second.

Winners of the specialist category were Two-Oh-One advertisement agency, School Klerck & McCormack with...

21/10/76 SUMMITES

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COMPANY ROUND-UP

PRELIMS	Turnover (Rm)	% change	Pretax profit (Rm)	% change	Earnings (c)	% change	Div (c)	% change
RMP	76,3	+1,4	22,4	-23,2	123	-28,4	65	—
INTERIMS								
SPL	12,6	+39,3	2,0	+40,7	6,9	—	2,8	—
Midas	22,0	+44,4	2,4	+58,1	13,7	52,2	4,5	+22,5

n/c — not comparable n/p — not applicable n/a — not available

Independent Bakoven seeks DCM R810 000

By Don Robertson

BAKOVEN, which controls the largest chain of independent bakery and confectionary outlets, will come to the JSE Development Capital Market on November 12

To achieve its listing it will privately place 3-million shares at 27c each to raise R810 000. This will lift the number of shares in issue to 23-million and value the company at R6,2-million

The reason for the issue, says chairman Desmond Fisher, is to facilitate planned acquisitions and to offer staff a market for the shares they already hold

Mr Fisher says "In addition, it is good to have R810 000 in a business"

Bakoven resulted from the acquisition by the current directors of the losing bakery interests of Tiger Oats in September 1983. They are Desmond Fisher and joint managing directors Romeo Biccari and M Goldhill

In its first full year under new management, Bakoven chalked up a profit of

R186 000 and for the 18 months to February profits rose to 585 000

The company forecasts a profit of R500 000 for the year to February next. In its early years, tax will be no problem as Bakoven has an assessed tax loss of R3,8-million

Earnings for the current year are forecast at 2,2c, out of which a dividend of 1,25c will be paid

Mr Fisher says, "We will have no problem in reaching that figure. In the first half we earned a semi-audited figure of R230 000"

Since the issue of the prospectus earlier this week, a decision has been taken to open another four fast-food outlets in Cape Town. Negotiations are under way for the purchase of a bakery in Durban

At the time of the prospectus, the company had 35 outlets.

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AKB 27/10/86

COMPANIES

Ovenstone pays R11-million for seafood company

By TOM HOOD
Finance Staff

OVENSTONE group is set to revert to its original business as a Cape fishing company but on a bigger scale.

It is paying R11-million to take over an important seafood company, Southern Sea Fishing Enterprises (SSFE), to be financed by a loan until cash is raised from a rights issue of shares, and shedding its large construction and property interests.

SSFE will increase Ovenstone's fishing interests sharply, possessing a bigger anchovy quota and having rock lobster and pilchard quotas.

20 PERCENT STAKE

Another 10 percent of SSFE is owned by Premier group, which effectively controls Ovenstone.

The takeover will give Ovenstone a 20 percent stake in one of the largest trawler groups, Sea Harvest, which is controlled by Imperial Cold Storage.

The takeover is believed to involve a disinvestment by large Dutch shareholders.

SSFE processes and markets fish and meat paste under the Redro, Peck's Anchovette and Iona brands and distributes King Solomon smoked salmon.

The acquisition will have a minimal effect on earnings in the year ending March 31, says the company.

Ultimately, Ovenstone Investments (Oil) will buy out the minority shareholders of Ovenstone Group (Ovgroup) so that Ovgroup becomes wholly owned by Oil.

Ovenstone also announced today it will sell off its property and construction companies through man-

agement buy-outs — a move that will turn it into a slimmed-down group.

These interests include Ovcon, which handles multi-million construction projects and Bellandia, one of the largest home builders in the Cape, and developers Ovland and Ovdeco Properties.

All the transactions are subject to the approval of the JSE and of shareholders, who are advised to exercise caution in their share dealings.

In its last financial year, Ovgroup's turnover fell by R43-million to R161-million. Fishing contributed R15-million, up by R3,5-million, and earned 31 percent (R4,5-million) of group profits.

Turnover from property, home building and construction dropped sharply by R26-million to R108-million but this group provided 50 percent (R10,5-million) of profits.

DIVIDENDS CUT

Manufacturing and trading, mainly the former Diroyal companies, also had a big drop in turnover, down by R21-million to R37-million; and earnings dipped to R2,8-million from R3,5-million.

Ovenstone was forced to cut its dividends last year after profits plunged to R4,5-million from R6,2-million after tax.

The current year, warned the chairman, Mr Andrew Ovenstone, in his annual report, would be a difficult one for the group, with all its diversified local businesses being affected by tight economic conditions and its international fishing business suffering from dramatically lower fishmeal prices.

Gant's plans transfer to JSE's food sector

BUSINESS 186
3/11/86

CHRIS CAIRNCROSS

AFTER its restructuring to reflect more accurately its primary business in canning and food and fruit processing, Davgra Investments is to change its name to Gant's Holdings (Gant's). It plans to transfer to the JSE's food sector, via a direct listing, on December 13.

The new company, the end product of a R51m reverse takeover, will effectively become the largest independent food-canning firm in Southern Africa, with annual turnover of about R140m, expected taxed profits of R12m, and an asset base with a market value of about R90m.

Still essentially a family-controlled business, with its roots embedded firmly in Somerset West, Gant's has three strings to its bow: a machinery and bearings distributorship, food and fruit-canning operations in the Cape and at Bapsfontein, Transvaal; and other, newly acquired food-processing plants elsewhere in SA.

Its production units produce a full range of canned deciduous fruits, pineapples, citrus products, jams, soups, vegetables, meats, sauces, chutneys, purees, frozen products and fruit juices.

Annual output is about 150-million cans, most of which is sold to the domestic market, particularly the Western Cape. It has a lucrative export business, with about 45% of production going to Europe, Israel and the Far East.

The origins of Gant's go back to 1955 when its founder Ward Gant set up a

canning operation in the Strand to ensure a reliable outlet for fresh pears grown on the family estate, Lourensford.

Gant's chairman David Gant notes that although the general perception of the group is that of being mainly a deciduous canned-fruit producer, this forms only about 15% of total turnover. The group's main strengths now lie in the export of canned pineapples and citrus, and a wide range of general food lines, including canned meats.

The new-Gant's is now geared satisfactorily to expand more aggressively into its traditional market areas, here and overseas, and intends to take on a much higher profile than it did in the past. The broader base which has been created also provides Gant's with the muscle and incentive to expand into other synergistic areas, Gant says.

The group's bearings division will probably be stripped out and sold.

Gant's machinery distributorship is known as Intermec. It holds the Case-IH agency and supplies machinery to the grain and fruit industries and the specialist-equipment market.

Intermec's turnover is currently about R13m, and it contributed R650 000 to group profits in the year to September. The division is expected to contribute a substantial share of group profits in the future, Gant says.

7/11/86 FIMMML

DAVGRA/GANT'S

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Merger benefits

After Gants Foods completes its reverse takeover of Davgra, the new group (to be re-named Gant's) will essentially become a food processing company with engineering interests, it is likely to either sell or list the latter fairly rapidly

So the really important question concerns the performance of Gant's food company, and of a second food processing firm (as yet unnamed) which has acquired. The average annual growth rate of pre-tax income for the two together was 92% between 1981 and 1985, with R13,4m collectively reported in the last trading year

Interest payments for the two companies have risen at an average annual rate of 42% in the same period Why then should the Gant family float its lucrative business, even though David Gant does emphasise that the new company remains family controlled? There are perhaps two reasons Firstly, the latest takeover shows that Gant's wants to expand Secondly, although there are no longer any foreign loans, R17,5m was repaid last year out of bank overdrafts, and gearing was high at 93% Assets in both companies, however, have not been revalued for five years, which could make a considerable difference But although debt equity will be reduced to 0,49 after the takeover, MD Da-

vid Gant states emphatically "we are not buying cash"

Combined market share of Gant's and its new acquisition is estimated at 17%, turnover for the food interests is expected to be R140m this year, producing after-tax profits of R12,5m Gant's first priority will be to "maximise the rationalisation programme" stemming from the takeover The plant in Natal could be used to maximum capacity and "from a broader base, we can be far more aggressive and expand market share We have the facilities to adapt our processing techniques as the market changes" There is also the capacity for further diversification, and acquisitions are on the cards, but Gant is determined that "we will not move out of food"

Even without acquisitions in the near future, there appears to be room for organic growth Exports amount to 40% of Gant's sales, and given a weak rand, Gant sees "promising" prospects The main markets are countries in Europe and the Far East, which have not until now joined the scream for sanctions Apart from high-quality fruit, the intention is also to sell tinned meat and soup to the Far East

Gant estimates that only 15% of its products are subject to possible sanctions, assuming that a comprehensive sanctions package is imposed worldwide Gant's also has interests outside the country, though The local market is also set for expansion,

says Gant Demand for canned food has grown 4%-5% a year, but demand from the black market should increase, he says, especially as canned foods are high-convenience items for blacks who lack refrigeration

It is difficult to find comparable shares Some analysts suggest Gant's should be on the same yield as other food shares, but there is still the engineering operation, and canning can be a volatile business Until there has been more diversification into other forms of food preparation, the share should not be compared with Tiger Oats, for example (dividend yield 2,6%)

On a dividend yield of 4%-5% the price should be around 240c-250c (net worth per share 77c) The market, however, already appears to be discounting future growth and the Davgra price has reached 255c, with some analysts talking about 280c, based upon forecast dividends of 16c (5,7% yield).

Pat Kenney

WALTONS

Acquiring profits

It's not often that companies in the seemingly dull office stationery market can acquire blue-chip status But after yet another superb set of results, Waltons appears to have more than justified the extremely high rating the market has given its shares After



Tiger firmly on the growth trail

TIGER Oats, one of the country's food industry giants, continued on its steady growth path in the year ended September with a 13,3 percent increase in attributable earnings from R94,4-million to R107,3-million

Earnings a share rose 11,8 percent from 693c to 775c. It is paying a final dividend of 165c a share, making a total of 270c for the year — a 17,4 percent increase on last year.

Although turnover rose 25,7 percent to R3 513,3-million, operating profit rose only 19,9 percent to R188,7-million. However, the directors say that part of the increase in turnover was the result of the consolidation of new acquisitions. Without this consolidation, turnover would have risen 17 percent.

During the year the company made several strategic acquisitions, including control of S Wainstein and Company and an increased stake in Adcock-Ingram.

It also bought two bakeries, while other purchases strengthened its stake in the manufacturing and marketing of oats, pasta and vegetable and industrial oils.

Caution is the key, (186) says Tiger Oats MD

By Peter Farley

Stability and caution are the key words when one talks to Tiger Oats managing director, Mr Clive Wolpert

Strong emphasis is made on the quality of the food conglomerate's earnings and the commitment to excellence that has established the group as the leader in its field

Nevertheless, the investment community is a cynical bunch, and previous year's performances are quickly forgotten. Witness the euphoria over SA Breweries' return to profit growth

But Mr Wolpert feels that although Tiger might not have lived up to the expectations of the stockmarket, Tiger is continuing to perform acceptably within the constraints of the market

In response to criticism about the apparent delay in spending the company's huge cash pile, Mr Wolpert says he is "not prepared to step into an investment that does not fit".

Tiger is sitting on some R270 million that could be used either for expansion or repayment of debt. It is worth noting that the group has swung from a net cash position at September 1985 of R23 million to net debt at the end of the latest period of R37 million.

This is partly due to a number of deals concluded throughout the year — including rice distributor Wainsteins

and a few smaller takeovers — but also the need to finance the inflationary impact on increased sales volumes.

Mr Wolpert says, however, that Tiger has examined many potential acquisitions "But it needs to be a good deal for shareholders. We need to be patient."

The group's earnings growth slowed in the past 12 months, particularly in the second half of the year, but Tiger was still able to post a 13 percent advance in attributable earnings.

Financial director Mr Brian Steele points out, however, that the slower growth was more a function of the group's financial structure than to do with the operating performance. This was because of the large amount of money invested in the market, where income dipped to R26 million from R29 million

The one area where some management attention was necessary during the past year was at Star Foods, but Wolpert says the situation has been rectified and it should make an exciting contribution this year.

Overall, there is little doubt that Tiger Oats has firmly established itself as the country's leading food company and, though the market may not like the absence of corporate razzmatazz, it has become a prime blue chip target for the long-term investor.

Table Top troubles hits Fedfood earnings

By Peter Farley

A reversal the fortunes of Fedfood's Table Top frozen foods division wiped out gains in other divisions and resulted in marginally lower earnings for the six months to end-September.

However, in a move signalling extreme caution, the interim dividend has been cut back by 17 percent, or by 2c to 10c a share. If the dividend had been maintained cover would still have been a conservative 2,8 times.

Nevertheless, the group does not appear to be in bad shape — particularly after a host of rumours in the wake of the recent management changes — and the balance sheet remains well-structured with gearing below 50 percent.

For the record, operating margins slipped back to 5,7 percent from 6,6 percent with no growth in trading income despite a 14 percent increase in sales.

Fedfoods' new chief executive, Mr Sias du Toit reports the baking and milling industries again performed satisfactorily, though, the biscuit division has

yet to makes a profit

Snack food operation Simba again achieved good results, while the fishing investments also kicked in with increased profits. The group's offshore venture in Chile came into the black with a contribution of \$675 000 in the past nine months.

The Table Top operations which give cause for concern. Mr du Toit says the combination of over-capacity in the industry and no real growth has led to extensive price competition.

He adds that urgent attention is being given to rectifying the situation, but maintains the division is still profitable.

He does not offer, however, specific forecasts on group prospects, saying only it is poised to take advantage of any upturn in general economic activity.

The share price has slipped by 100c in the past few weeks to around the 600c mark, despite three concerted attempts to sustain a break through 700c in the past six months. Given the results investors are going to be unlikely to push the share much higher in the short-term.

18/11/86
STAR 186

18/11/85
BUZZDAY

186

COMPANIES

Fedfoods' earnings freeze in hard times

STRONG competition and low prices in the frozen food sector froze Fedfoods' earnings in the half-year to end-September.

Earnings were marginally lower at 34c a share, after a change in accounting policy which restated last year's interim earnings from 32c to 35c. The interim dividend has been cut by 2c to 10c a share to give effect to a more conservative management approach.

CE Sias du Toit says shareholders should not presume that the final dividend will necessarily be reduced.

"We feel that our resources should be strengthened in view of inflation and replacement costs of plant and machinery."

The group's growth potential is largely dependent on an upswing in the economy and Du Toit is hoping for an improvement in profitability in the second half, should the long-awaited upswing occur.

Turnover rose 14% to R510,7m (R448m) but pressure on margins resulted in a slight decline in operating income to R29,3m (R29,7m). Lower finance charges and an unchanged tax bill left net income after tax 5% higher at R10,1m (R9,6m).

A fall in income of associated companies and higher outside shareholders' interests pushed down attributable income from R8,9m to R8,8m.

MERVYN HARRIS

The performance in the milling industry, the group's largest sectoral investment, achieved relatively good results, while the investment in the baking industry, through Boerstra and Fedbake, was satisfactory.

Although the biscuit division has yet to make a profit, indications are that the division will break even by year-end.

The wholesale sector, comprising only the Botswana activities after the sale of the group's 50% stake in Tirisano Fedmark, achieved satisfactory results.

The sale of Tirisano followed unsuccessful efforts to improve the investment's profitability, and the loss of R1m was written off as an extraordinary item.

Good results were achieved in all divisions of the group's investment in the fishing industry through Marine Product.

Results of the Chilean investment were not accounted for in terms of group policy, but the investment realised a profit of \$675 000 during the past nine months.

Table Top, which competes in the frozen vegetable market, achieved poor results.

Returns from this division impacted negatively on group earnings. Urgent attention is being given to this division.

Tongaat acts, raises earnings sevenfold

Own Correspondent

JOHANNESBURG — Strong management action has enabled the Tongaat-Hulett group to boost interim earnings sevenfold from 4,9c to 34,8c a share and raise the dividend by 7c to 10c a share

The recovery is from a low base after last year's poor interim performance and follows a rationalization programme with Tongaat strengthening its core activities and selling under-performing assets

Group turnover

Directors say trading so far in the second half of the current financial year reflects improved conditions and forecast earnings of 75c (24,4c) for the full year to end March

While earnings are still well below those at the time of the merger in 1982, indications are that the streamlined Tongaat is on its way towards achieving former levels of profit.

Group turnover rose from R940,8m to R1 billion while the stemming of losses and a major turnaround in the textiles division helped boost operating profit 35% from R63,4m to R85,5m

Falling interest rates pushed down finance costs to R38,4m (R55m) but the improved results lifted the tax bill from R1,2m to R19,2m, leaving taxed profit of R27,9m (R7,2m)

Attributable earnings of R25,6m (R3,5m) — there was lower payment to minority shareholders — are based on half the sugar division's earnings for the current year and the results of other divisions for the half-year to end September.

The sugar division is still being hit by the problems of drought and Eldana beetle which reduced cane supplies to the group's mills. Benefits of the good rains which have fallen since the end of September will not be felt in the current season and the division's contribution to group profits will be lower than last year

Production capacity

But the restructured foods division has performed satisfactorily under mixed market conditions and its contribution to group profits will exceed those of last year

The directors say that although the building materials division is operating at only some 60% of production capacity an improvement in its contribution to group profits this year is anticipated

Interim dividend rises by 13% to 36c

Premier Group lifts earnings 69%

CPD 7/11/86
21/11/86
BB
CPD

By BRIAN ZLOTNIK

THE PREMIER Group has rebounded sharply from an extremely low base to lift diluted earnings by 69% to a record 70,3c a share in the six months to September

However, Premier suffered from a negative cash flow of about R140m over the period. The interim dividend was raised only 13% to 36c (32c) a share

In the previous year interim earnings plunged by 40%

Comparative 1985 interim earnings have been restated at 41,6c against the then reported 39,2c to eliminate results of operations disposed of or closed down

Backbone

The latest improvement in profits is attributable to a number of factors, with the 35,6% stake in SA Breweries remaining the backbone of the earnings

SAB's impressive 56% advance in interim earnings and 25% increase in the dividend has added much gloss to Premier's overall performance

Chairman Tony Bloom says-

subsidiary Premier Food Industries (PFI) turned in a substantially improved performance. So group trading profit rose 15% to R71,7m (R62,5m) on a similar increase (16%) in turnover to R1,3 billion.

He adds that PFI is presently trading well above budget and better than last year.

Over the reporting period broiler prices have firmed and last year's heavy bleeding in the broiler division was stemmed and gave trading profits a useful filip.

"The broiler division is now trading profitably," says Bloom.

The interest bill declined sharply from R43,6m to R33m to reflect lower interest rates and the benefits of the R102m raised through the rights offer.

This time profits were not dented by forex losses (R4,7m)

However, they were hurt by a more than trebling in taxation which totalled R19,4m (R5,4m). Indeed, the jump in taxation does not fully reconcile with the advance in trading profit and fall in interest costs.

At the attributable earnings level the SAB stake accounted

for about R26m (R18m) of total earnings of R44,7m (R23,6m).

A cause for concern is the steep climb in interest bearing debt from R376,5m at end-March to R519,1m at end-September. Even after the large rights offer, debt is ahead of last year's end-September's R512,6m.

Interest costs

Bloom says "The group has brought previous off-balance sheet financing onto the balance sheet to take advantage of lower interest costs, the need to boost working capital to finance higher turnover and the R40m absorbed by the new wheat mill being erected at Vereeniging at a cost of R55m."

Premier's share price at R30,50 has moved up about 80% this year to reflect the almost doubling in SAB's price and scope for its food, retailing and pharmaceutical interests to come off strongly from a low base.

A leading analyst viewed the profit improvement from non-SAB interests as disappointing and believes the share is fully priced.

23/11/86 SCANNED 186

Fedfood deep freeze

FEDFOOD has cut its interim dividend for the first time in more than five years — from 10c to 12c

The 17% reduction marks the start of a more conservative approach to the funding of capital expenditure. Inflation and the rand's collapse have increased the cost of capital replacement and modernisation.

Chief executive JW du Toit believes capex should be funded more by inter-

nally generated funds than by borrowing, which in turn strengthens the balance sheet.

Fedfood's results at the half-year were disappointing, showing a 2% drop in attributable earnings. Profits from the important Table Top were affected by the parlous state of the frozen-food sector, and losses occurred in the biscuit division.

New giant in frozen vegetable market

By Peter Farley

A new giant has been created in South Africa's frozen vegetable market through the merger of Fedfood's Table Top and Imperial Cold Storage's Harvestime operations.

This rationalisation will give the combined operation an estimated 65 percent of the country's R120 million a year frozen vegetable sales and an opportunity to make some profits in an otherwise highly competitive market.

ICS MD Owen Dinsdale said that the merger involves Fedfood taking on Harvestime, and with ICS taking on the combined distribution operations for the

two divisions. He said a small cash payment in favour of ICS makes up the balance

Dinsdale said that the deal will benefit ICS in that it will improve overall returns and release vitally needed working capital. In addition, it now means that ICS will have the biggest and widest range of perishable and frozen food products under its distribution arm

Dinsdale claims that none of the three major players in the frozen vegetable market — Anglovaal's I & J has virtually all the 35 percent balance — have been making money this year,

And he lays the blame for this state of affairs firmly at the feet

of the major retailers who, he says, have been playing one manufacturer off against the other and virtually negating any chance for any of the players to make any profit

Nevertheless, the move in a wider sphere is the first step towards getting the most out of ICS, which has been languishing with relatively poor returns for the past few years.

Dinsdale moved in as MD earlier this year and he says that the benefits of certain developments are already beginning to pay off. These management decisions, involving a wide spectrum of activities from labour relations to financial controls, have also been bolstered by an

26/11/85
186
SMR
improvement in the red meat market

With ICS's operating base returning to a more even keel Dinsdale said that the time is approaching where the group can start contemplating some strategic acquisitions. And he added that a couple of targets are already being looked at, which will be used to both strengthen existing divisions and provide the opportunity for improving returns

Nevertheless, the development on the frozen vegetable side is the first major deal and, with everything beginning to fall in to place, could now presage a series of other corporate activities.

FCW MARK 20/11/86

PREMIER

Food fillip

186

Since the Premier Group announced vastly improved interim results, trading in the group's major markets has remained healthy. Provided the Christmas and back-to-school peak trading periods do not disappoint, the group should better last year's second-half earnings of 123c. Earnings of between 200c-215c for the full year certainly look possible.

Chairman Tony Bloom says the 16% improvement in turnover in the six months to September was a result of better trading across the board and a reflection of an upturn in private consumption expenditure. The Premier Food Industries group, which kicked in R74m to Premier's R135m trading profits last year, significantly increased its contribution to attributable earnings, and shareholders will be pleased to learn that the long limp poultry business has finally revived.

Bloom says "Poultry is trading at a profit at the moment, but profitability is very de-

PREMIER'S PICK UP

Six months to	Sep 30 '85	Mar 31 '86	Sep 30 '86
Turnover (Rm)	1 149,3	1 217,9	1 328,8
Operating profit (Rm)	62,5	74,1	71,7
Attributable profit (Rm)	23,6	73	44,7
Earnings (c)	41,6	123	70,3
Dividends (c)	32	54	36

pendent on market prices" The broiler price is now about R3, compared with an average of R2,50 in the second half of the 1986 financial year. Bloom says this market is traditionally strong in the month before Christmas, weaker in January-February, and stronger again in March-April.

The full year's performance will be further enhanced by improved returns from investments such as SAB and CNA Gallo. SAB, which generated 62% of attributable earnings at interim, could contribute R100m to the bottom line for the full year (R77m in 1986), or 157c a Premier share.

The Premier Group's traditional earnings pattern sees about 45% of profits earned in the first half. This went awry last year, when only 24% of profits came in the first half. This year, a split closer to 35/65 is likely.

The tax rate should be less than the interim rate of 50%, and as borrowings are expected to be significantly lower, the interest bill should be restrained. The group's trading margin, which fell from 5,8% at year-end to 5,4% at interim, is unlikely to improve materially past 6%, but a mere 0,1% increase in this margin will add over R2m to trading profit.

Premier's higher interest-bearing debt at interim — R519,1m versus R512,6m 12 months ago — raised some eyebrows in view



Premier's Bloom ... poultry is in profit

of the R102m rights issue a year ago, but Bloom says this is because certain off-balance-sheet financing was brought on the balance sheet to take advantage of lower rates. He says higher borrowings are also a seasonal first-half feature, and necessary because of the R200m higher turnover, borrowings will fall significantly by year-end.

The Premier Group share price, which has appreciated by almost 60% in the past six months, is 50c off the 12-month peak of R32 reached last week in expectation of the improved results. The market expects further weakening.

Kerry Clarke

7/12/86

Labour dispute at feed plant settled

Labour Reporter
BOSSIE Clarke Feeds and 17 members of the Food and Allied Workers' Union reached settlement in the Industrial Court in a case in which the workers were claiming unfair dismissal and reinstatement

Presiding officer Mr Pierre Roux ordered that, as agreed by both parties, the terms of the settlement be confidential

The action arose from an incident in October at the plant in Klipheuwel Workers were told they had all been retrenched and

should not return to work the next day

Alleging that this was unfair because no grounds had been given for their dismissal and accepted procedures had not been followed, they sought temporary reinstatement by the Industrial Court pending a final settlement.

After negotiation between the parties yesterday, a settlement was reached which was made an order of the court

Mr J Sandler of Bernard, Vucic and Potash appeared for the ap-

plicants Mr W J Pretorius instructed by Smit, Nel, Kruger and Potgieter appeared for Bossie Clarke Feeds

● Workers at scores of Western Cape factories organised by unions affiliated to the Congress of South African Trade Unions held work stoppages on Monday

The action was in response to a call from the Metal and Allied Workers Union — a Cosatu affiliate — for stoppages over the death of one of their members in police action at a union rally in Durban last month

FIN MAIL 5/12/86

BREAD PRICE

Using the loaf

196

A new computerised management system is set to apply the brakes to the soaring cost of transporting food — and bread stands to become a major beneficiary

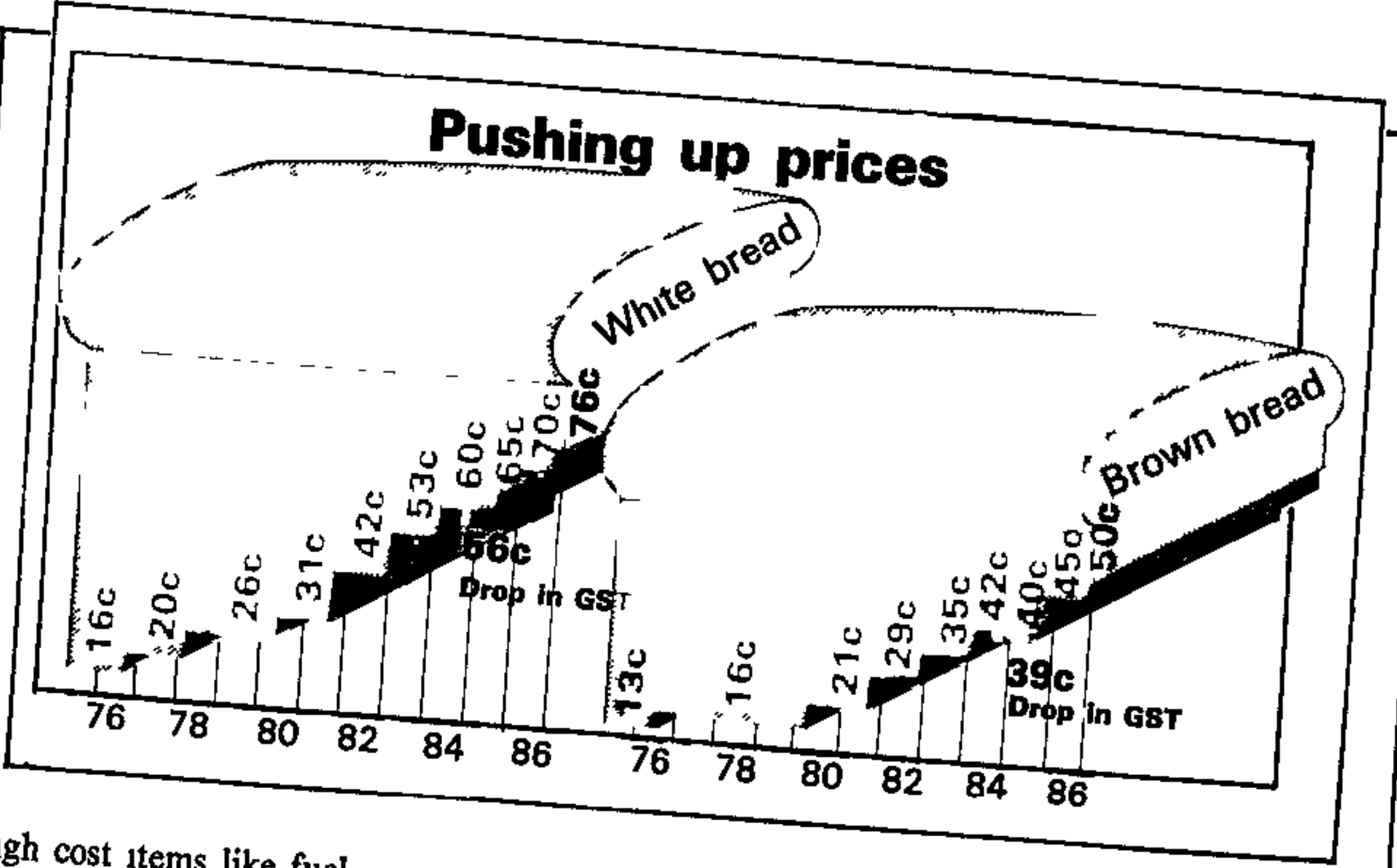
As transport alone accounts for 40% of the bread price, it was not surprising that earlier this year Associated Bakeries (AB) asked the National Productivity Institute (NPI) to tackle the problem

After several months' work, the NPI has come up with a computerised vehicle management information system to assist in the evaluation of vehicle performance and fleet cost control

AB itself has an annual bill of R400 000 for distribution costs, and MD Arnold Pretorius has wasted little time in implementing the system

The experiment will cover his eight bakeries servicing the PWV area. Programming is in hand and the extent of the benefits should be known in February

The system provides a breakdown of monthly operational costs in respect of all variables such as tyres, fuel and maintenance. And the fact that it can operate in situ ensures short-term control, especially over



high cost items like fuel

According to NPI's Hugo Smit, the system simultaneously measures the availability and utilisation of every vehicle in the fleet and forecasts when services will fall due as well as determining optimum vehicle replacement dates. Because the system assists in determining tariff structures, management will also be guided in deciding whether to buy new vehicles, make use of vehicle hire, or to use pool facilities.

Accurate delivery cost calculations are provided which will pinpoint unprofitable

deliveries. Performance comparisons within and between vehicle categories are also possible and the facility of exception reporting — based on standards set by management — helps to identify poor performers and variance conditions.

Training in fleet management principles is provided and because the system is user friendly, it can be implemented on any IBM-compatible personal computer.

If the bread experiment is successful, the system could be extended throughout the country and to other industries.

STAMP 11/12/06 (186)

Ice-cream lay-off dispute hits snags

CAPE TOWN — Attempts by Dairymaid workers to secure the jobs of about 150 ice-cream vendors hit a snag this week when management refused to accept a dispute over the closure of four vending depots.

The chairman of the Dairymaid shop stewards' committee, Mr William Petersen, said the management will not submit to mediation over the closures, or the retrenchment of the vendors.

The Food and Allied Workers' Union (Fawu) declared a dispute last month over wage increases and considers the retrenchments an integral part of the dispute.

NEGOTIATIONS

Dairymaid managing director Mr Barney Marais said the management was still involved in negotiations with Fawu over the retrenchments and he felt that commenting on the matter would "not be conducive to good industrial relations".

But he confirmed that the decision to close the four depots "still stands".

Mr Petersen said "We've exhausted all the procedures laid down in our recognition agreement for resolving this matter amicably.

"Our only option now is to take industrial action — a ban on overtime, some kind of action against the products, or a strike." — Sapa

CAGE TIME 11/12/86 (15) (14) (13) (12) (11) (10) (9) (8)

Dairymaid job dispute unresolved

Labour Reporter

ATTEMPTS by Dairymaid workers to secure the jobs of about 150 ice-cream vendors hit a snag this week due to an unresolved dispute over the closure of four ice-cream vending depots.

The chairman of the shop stewards committee, Mr William Petersen, said

Dairymaid will not negotiate the closures or retrenchments.

The Food and Allied Workers's Union (Fawu) last month declared a dispute over wage increases, and by extension, the retrenchments.

Managing director Mr Barney Marais said talks with Fawu were continuing, but declined to comment.

By S'BU MNGADI

ENRAGED Simba Chips workers in Maritzburg forced a manager to resign after he allegedly tried to rape their colleague

Maritzburg police spokesman Captain P Kitching confirmed that an attempted rape charge had been laid at the Plesislaer police station by the worker against her boss

Kitching said the matter was still under investigation and the docket has been sent to the Natal Attorney-general to decide on prosecution

Factory workers say the incident happened in full view of workers in the production line. They claimed the "boss" sent his white supervisor to call the 19-year-old casual worker to his office. The door was

Manager resigns crisply

quickly locked behind her. The boss allegedly threw the keys away, took off his pants, lay on the sofa and asked her to undress.

When she refused, he allegedly told her they did not have a permanent job for her - but if she had sex with him, he'd give her a job as a domestic at his home. She refused.

He then allegedly grabbed her and turned her around while interfering with her back, resulting

in "wetting" her dress. As their colleague was taking a long time behind a closed door, curious workers tried to enter the office, but the door was locked.

She then cried and was allegedly only let out after promising to "give" him sex when starting her new job at his home.

On hearing this, the workers threatened to strike unless he was sacked. A Food and Beverage Workers Union official had to be called in to normalise the situation.

● Simba Chips management suspended the manager until the police investigations were over. But because of the tense atmosphere in the factory, he later resigned voluntarily.

13 days off for Mogale

By STAN MHLONGO

IFKOA council policeman Isaac Mogale's six-month jail sentence for trying to kill three Vaal residents was reduced this week - by 13 days.

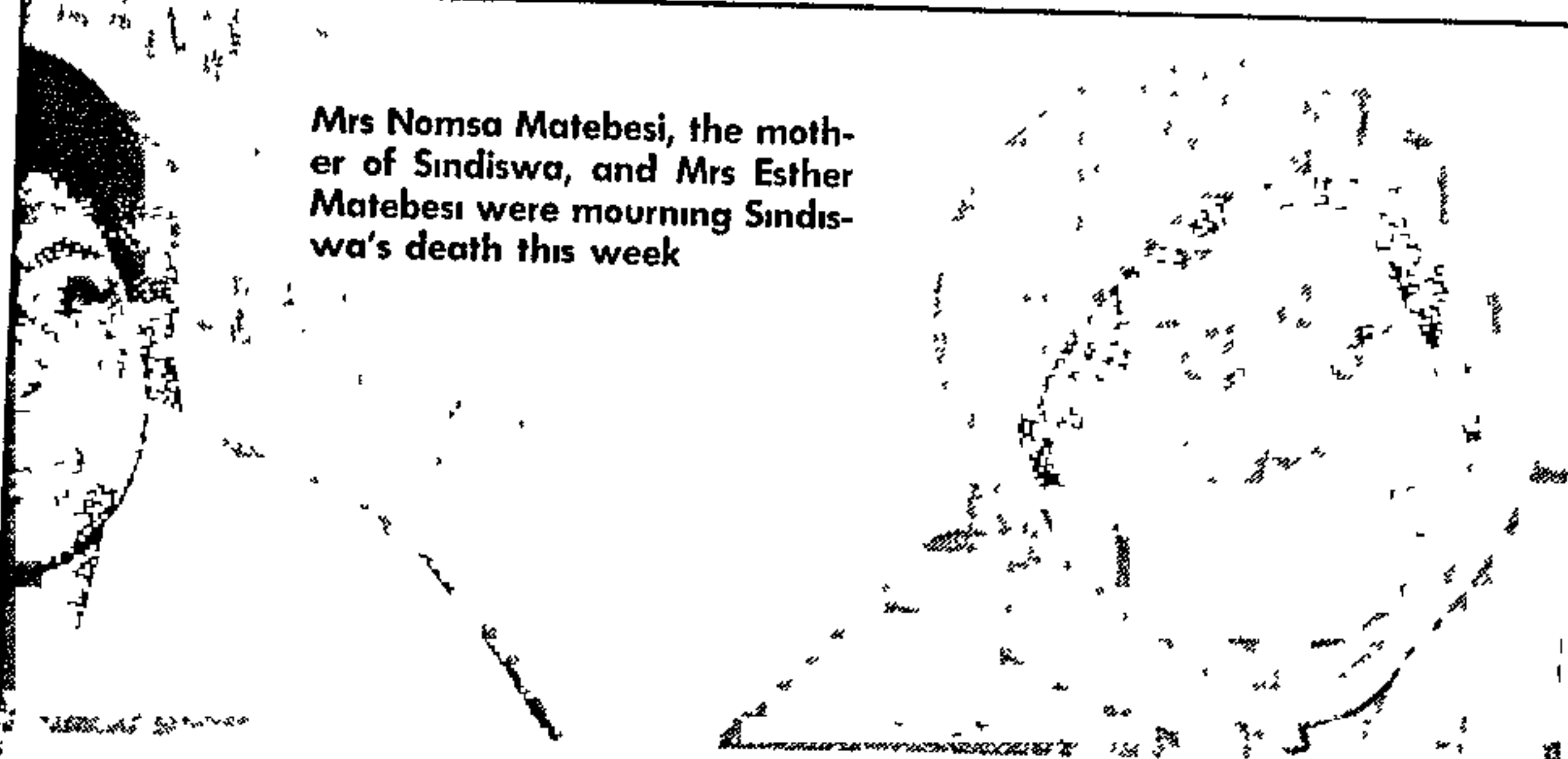
Sebokeng Regional Court Magistrate James Johnston also cut Mogale's R400 fine - imposed on November 26 - by R168.

The court found that Mogale - who appeared in court with his legs manacled - had already served 13 days of his sentence at Leeuwhof prison.

Magistrate Johnston on Tuesday ordered Mogale to pay R200 of the fine immediately and the remaining R42 before December 19.

If he does not pay, his fine will be forfeited and he will be arrested.

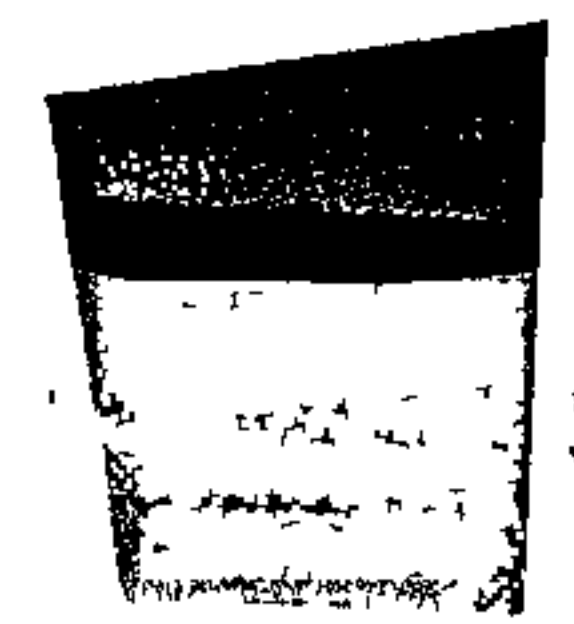
Mogale pleaded not guilty on three counts of attempted murder. The court heard that on September 26 he "intentionally" fired shots at Samuel Maphoto, Sophie Mazibuko and Gladys Mgcina.



Mrs Nomsa Matebesi, the mother of Sindiswa, and Mrs Esther Matebesi were mourning Sindiswa's death this week.

'Missing' girl was at picnic

You can s



By S'BU MNGADI

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14/12/86
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Growing Juicy Lucy is low on working capital

15/12/86 SPAR
186
Following its debut on the JSE's capital development section, Juicy Lucy's first annual report is an interesting read. After-tax profits were ahead of the prospectus forecast and exceeded 1985's pro forma figures by 70 percent.

The one cent par value shares were issued at a substantial premium mainly to fund acquisitions which, on the other side of the balance sheet, represented trademarks.

The working capital position is negative and directors' interests in key outlets are extremely high. The balance sheet looks weak. Future acquisitions will have to be made via the share swap method unless more shares are issued to raise cash.

Juicy Lucy stores are located in shopping malls, hypermarkets and CBD areas which were affected by the general reduction in shopping activity, making trading tough, says chairman Mr Barry Aitken.

By May 1986 the group had 91 outlets selling fresh fruit juices, wholewheat rolls and a range of fresh and fast food products. The group also operates 12 of its own retail outlets and provides a warehouse facility which supplies all the material food needs of the franchise stores operating in the Pretoria-Witwatersrand area.

New products are being investigated for manufacture and sale under licence agreements by major supermarkets throughout SA. This should bring in extra revenue in the form of royalties other than the bread and butter income from Juicy Lucy stores.

Interesting developments after year-end include a new fast food division aimed at the middle-income black market. Three units are due to open before May 1987. Juicy Lucy has also further diversified by acquiring the chain of 13 Milky Lane franchise stores, mainly in the Transvaal. This is expected to contribute significantly to group profits and provide growth for the future, says Mr Aitken.

During 1986 Juicy Lucy reached a turnover of R5.48 million. Operating income before tax was R601 000 with net income after tax R340 000. Net income includes administration fees received of R58 800 and interest received of R83 435 with these two amounts accounting for almost 25 percent of operating income before tax.

Directors' emoluments of R207 160 were high, representing more than a third of operating income. Earnings per share amounted to 4.7 cents. In line with the stated three-times dividend cover policy, shareholders received a dividend payment of 1.6 cents.

The 43 percent effective tax rate, much lower than the 50 percent stat-

The bottom line with Michael Menof



tory limit, was helped by a special allowance granted for trademarks.

The group started by issuing 5.56 million ordinary shares for the purchase of companies J L Franchisor and J L Supplies. A further 1.73 million shares were issued to raise working capital. In all cases the one-cent shares were issued at a premium of 26 cents. After year-end a further 1.25 million ordinary shares was paid for Milky Lane.

The directors have a personal direct and indirect stake in 21 franchise outlets owned by the group. Some represent a controlling interest; for example, Mr Aitken owns 75 percent of the Sandton City outlet (Mr Topal owns the balance) and 24 percent of another.

MD Mr Topal has a personal stake in the 21 outlets varying from four to 50 percent, Mr D Emmanuel has a controlling 54 percent interest in eight outlets and six percent in another two.

The directors' report shows that directors are directly and indirectly interested in only 12 percent of the Juicy Lucy shares, but from their interests in the franchise stores it appears that they are keeping their options open — by being under the Juicy Lucy umbrella while still out in the open.

Does this mean that they will sell their stakes in the various outlets to Juicy Lucy at the most convenient time to prevent wearing both hats? Their vested interest is unhealthy for the other shareholders in Juicy Lucy.

Listed under the capital development market, Juicy Lucy has still to make the big league. It has a high profile, but is low on working capital. This can only be unhealthy for growth as future acquisitions can only be made by issue of further shares.

Currently the market value of the Juicy Lucy shares is 92 cents, representing a P/E ratio of almost 20 times based on 1986's earnings. Borrowings may also be difficult to raise until the group has built up a track record of profits.

Security for any borrowings might also be difficult to provide as the group's major asset lies in its trademarks. Apart from some good marketing talk Mr Aitken refrained from forecasting any numbers for 1987. With disposable incomes declining, management must constantly be innovative and aggressive about sales. In this area they cannot be faulted.

Albus 15/12/86

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R140-million turnover seen for Gants Holdings

By TOM HOOD

TURNOVER of R140-million year is forecast by Gant's Holdings, the Strand-based food and canning group, which makes its debut on the food sector of the Johannesburg Stock Exchange today

Gant's, founded in 1955, claims to be the country's largest independent canning operation and processes about 3-million cases of fruit, jam, soup, meat, vegetables and condiments annually

Formerly trading as Davgra Investments, the company has 43,4-million shares issued, largely owned by the Gant family and directors

Earnings of R15,8-million after tax, or 36c a share, are forecast for 1987 in the transmuted listing statement today. This is up from R12,5-million or 29c which the directors estimate for 1986

A dividend of at least 11,5c is promised next April for the 1986 year, after which dividends will be paid twice a year in April and October

The company says it plans to distribute about 40 percent of profits to shareholders

The company has grown to two separate canning factories on 21 hectares at the Strand and last year acquired other factories at Bapsfontein in the

Transvaal and at Empangeni in Zululand

With an expected increase in domestic consumption of canned products, Gant's is destined to become a major force in the South African food industry, say the directors

"The product range is by no means limited and the food group will shortly be launching new canned products, tomato juice and an increased variety of convenience meals in the canned meat range"

Deciduous food canning forms only 20 percent of total turnover and the food group's main strengths lie in the export of canned pineapples and citrus

and the wide range of general lines designed for the South African market, says the listing statement

"The long-term association with and shareholding which the food group has in its overseas marketing operation has played and will continue to play a major role in the successful marketing of its canned products"

Gant's exports are sold in Europe and the Far East and other markets under a variety of own brand and other labels

Over the years the group has established many contacts with overseas manufacturers

INVESTMENT

Some tasty morsels found in Juicy Lucy's results

From MICHAEL MENOF

JOHANNESBURG. — Following its debut on the Johannesburg Stock Exchange's capital development section, Juicy Lucy's first annual report is an interesting read. After-tax profits were ahead of the prospectus forecast and exceeded 1985's pro forma figures by 70 percent.

The 1 percent par value shares were issued at a substantial premium mainly to fund acquisitions which, on the other side of the balance sheet, represented trademarks

The working capital position is negative and directors' interests in key outlets are extremely high. The balance sheet looks weak. Future acquisitions will have to be made via the share swap method unless more shares are issued to raise cash

NEW PRODUCTS

Juicy Lucy stores are located in shopping malls, hypermarkets and CBD areas which were affected by the general reduction in shopping activity, making trading tough, says chairman Mr Barry Aitken

By May 1986 the group had 91 outlets selling fresh fruit juices, wholewheat rolls and a range of fresh and fast food products. The group also operates 12 of its own retail outlets and provides a warehouse fa-

cility which supplies all the material food needs of the franchise stores operating in the Pretoria-Witwatersrand area

New products are being investigated for manufacture and sale under licence agreements by major supermarkets throughout SA. This should bring in extra revenue in the form of royalties other than the bread and butter income from Juicy Lucy stores

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The group started by issuing 5,56-million ordinary shares for the purchase of companies JL Franchisor and JL Supplies. A further 1,73-million shares were issued to raise working capital. In all cases the one cent shares were issued at a premium of 26c. After year-end a further 1,25-million ordinary shares was paid for Milky Lane

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TRACK RECORD

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Canning aimed at mass market

Langeberg shows R14m surplus

CME Times 20/12/86

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By AUDREY D'ANGELO
Deputy Financial Editor

LANGEBERG CO-OPERATIVE — the Cape-based canning company — has ended the year to October with an impressive trading surplus of R14m, and has lifted group turnover by R60m to R365m

This is an astonishing recovery from two years ago, when the fruit canning industry was considered to be on the way out. Langeberg ended the 1983/84 financial year with a loss of R12m

Major recovery

It ended the 1984/85 financial year with a profit of R3m

CE Carel Stassen said yesterday "People were wrong to write us off as a Cinderella industry three years ago

"In the short term, we had been hit in our main export markets by the tremendous subsidies which Mediterranean countries were giving their canning industries, undercutting us

"And canned fruit was falling out of favour in Western countries

"The Mediterranean canning industries is still heavily subsidised

"But this type of subsidisation never works in the long run because people get used to it and rely on it and become less efficient

"We can still beat them despite it

"As for demand — people forget we have a big Third World population with Third World tastes

"We have a big domestic market which has shown tremendous growth"

Stassen said this growth was partly due to intensive advertising aimed specifically at the target market and partly to the fact that "for two years we kept our price increases at half the inflation rate, as a matter of deliberate policy"

Unfortunately, he said, this was no longer possible because of rising costs, including higher rail tariffs and more expensive fresh fruit

Discussing exports, Stassen said although there had been opposition from activist groups, the co-operative had been able to sell its products in new markets and shipments had been made "at record tempo"

But he warned that SA's present high inflation rate was endangering its export trade

Rapid erosion

"Unless there is a dramatic reduction in SA's inflation rate, we will encounter a rapid erosion of the exchange rate benefit that we are presently enjoying.

"The inflation rate in SA is presently of the order of 19% compared with an average of 2% in most of our important export markets

"We will also have to bear the consequences of the ever-increasing international demand for sanctions against this country," he added

Under the circumstances, it was of the utmost importance for the co-operative to strengthen its financial structure. The year's surplus would be used to strengthen financial reserves