MANUFACTURING — IRON, Steel, ENGINEERING & Metallurgical Industries

1995

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Picture: NICKY DE BLOIS

Cosatu has misgivings over workplace forums

RENEE GRAWITZKY and ALAN FINE

BD 7/3/95

WORKPLACE forums envisaged in the draft Labour Relations Bill are running into opposition among significant elements within Cosatu.

This emerged at a briefing given by drafting team head Halton Cheadle to the National Labour and Economic Development Institute, Cosatu's policy research arm. The forums would give employee representatives the ability to influence business decisions.

Sources at the briefing held late last month said a number of union leaders feared workplace forums could undermine unions because they were not union structures: all employees at a particular plant would be represented. They also feared the committees could be used to "co-opt" worker leaders as was attempted with liaison committees in the 1970s.

Because of such fears, the drafters of the legislation recommended that forums could be established only if union representatives at the firm approved.

NUM assistant general secretary Gwede Mantashe yesterday acknowledged there had been debate on the issue, but said this was in its initial stages. He believed larger unions like the NUM and Numsa, which already had experience with such forums at Eskom and VW, among others, would support the legislation.

Numsa's Chris Lloyd said discussions had not been finalised. However, the union was concerned about the proposal regarding the possible separation of negotiations on wages and productivity as "one cannot separate wealth creation from wealth distribution".

Union in talks on metal industry productivity

BD 7/3/95

RENEE GRAWITZKY

A FRAMEWORK document on productivity in the metal industry is in the process of being finalised between Seifsa and the National Union of Metalworkers of SA (Numsa).

Numsa's Chris Lloyd told a recent conference at Wits University the 1992 metal industry strike coupled with the threat of international competition required a different strategy on the part of the union.

This resulted in the decision to enter into discussions on productivity.

He said although discussions were taking place, debate continued within the union on whether that approach was ideologically sound.

The framework document was intended to promote and facilitate the negotiation and implementation of productivity agreements at plant level. The document was not intended to be prescriptive or binding on parties to the industrial council, he said.

It was intended to encourage employers, trade unions and employees to enter into discussions at plant level. Seifsa believed that talks on productivity could take place by mutual consent between employers and employees, irrespective of whether the union was present. This was contrary to the draft proposals for the establishment of workplace forums in the negotiating document on the Labour Relations Act which states that the forum has to be triggered off by a representative trade union.

Lloyd said one of the fundamental problems facing the metal industry was the unions' and managements' lack of knowledge and understanding of discussions around workplace change and other factors affecting the industry.

Seifsa executive director Brian Angus said real change could take place at plant level only where management and employees could together work out what particular changes to work organisation were necessary.

Parties in the proposed productivity bargaining forums would trade off improved benefits for improvements in productivity, he said.

Productivity improvements would become evident when this occurred, Angus said.

Teachers' computer literacy encouraged

Numsa to focus on wage talks

(189)

RENEE GRAWITZKY

THE National Union of Metalworkers of SA (Numsa) faced a tough battle in eradicating the remaining vestiges of apartheid structures and empowering workers in the metal, vehicle and tyre industries, Numsa general secretary Enoch Godongwana said yesterday

BD 15/3/95

The focus of the Numsa conference starting today would be to formulate wage demands and to evaluate the progress of the three-year bargaining strategy introduced last year

Numsa aimed to develop a wage policy where workers were paid according to their skills and the racial wage gap was narrowed to provide for a 10% differential between grades, Godongwana said

The introduction of a new grading system such as broad banding — which reduced the number of grades between the lowest paid workers and the artisans — was also necessary

Progress had been made in the vehicle and tyre sectors, while the metal industry had agreed to reduce the number of worker grades to five, with technicians on grade six.

Demands would be submitted to Seifsa on Monday and negotiations would begin on April 17 Negotiations in the vehicle sector were scheduled to start on April 24

(189)

Tough talks for metal industry

Sowetan 11/4/95

By Abdul Milazi
Labour Reporter

THE giant metal industry will hold the first round of its annual wage negotiations next Tuesday

The four unions involved — the Congress of South African Trade Unions, Confederation of Metal and Building Unions, SA Confederation of Labour and the National Council of Trade Unions — go into this year's negotiations armed with an arsenal of proposals

These include a five percent wage increase for the lowest paid workers and the closing of the "wage gap" between labourers and artisans

The unions also want the Main Agreement to be expanded to include the former TBVC homeland areas, a guaranteed paid training period for workers, reduction of working hours without loss of pay and 15-days paid sick leave a year

More flexible

The employers (Seifsa) are in turn proposing the scraping of all obsolete provisions in the industry's Main Agreement and the introduction of more flexible conditions of employment

Seifsa's director of industrial relations, David Carson said this year's negotiations would be conducted by a single negotiating committee made up of a limited number of employer and union representatives

Numsa wants 'apartheid pay gap' closed this year

(1898) RENEE GRAWITZKY (355)

THE National Union of Metalworkers of SA's (Numsa's) central demand in all negotiations this year is the persual of a wage policy encompassing the eradiction of the apartheid wage gap. BD 12/4/95

The re-negotiation of the industrial council main agreement in the metal industry, covering an estimated 275 000, kicks off on April 18 and 19 The Steel and Engineering Industries' Federation of SA (Seifsa), the employer organisation representing an estimated 9 000 companies, received demands from 13 unions

Unions such as the Mineworkers' Union, Yster en Staal and the Confederation of Metal and Building Unions tabled a 15% wage demand to 25% tabled by the Nactu-aligned Steel, Engineering and Allied Workers' Union.

Numsa and the Chemical Workers' Industrial Union are demanding a 15% increase on actuals plus a 5% improvement factor for the lowest paid workers to close the wage gap. Numsa is also demanding a 10% wage differential between grades.

Improvements in allowances; increased leave; affirmative action; and the extension of the agreement to former homelands are some of the other demands.

Seifsa tabled a number of counter-demands including more flexible conditions of employment.

Meanwhile, negotiations between Numsa and the auto manufacturers are scheduled to commence on April 24 in Johannesburg.

Final agreement around a wage policy forms Numsa's core demand with employers. A study group comprised of employers and the union is meeting to investigate a workable wage policy for the industry.

Metal unions reject Seifsa wage offer

ERICA JANKOWITZ

THE Steel and Engineering Industries' Federation of SA (Seifsa) tabled a 7,5% wage increase offer in response to demands for increases ranging from 15% to 33% from its 13 recognised trade unions, the employers' body said yesterday.

"No increase was proposed on scheduled (or minimum) wage rates, in an effort to stimulate further employment opportunities," Seifsa said. (1391)

During negotiations on Tuesday and yesterday, there was no movement on the opening offer although it was rejected by all 13 unions, union sources said.

Seifsa also offered to increase subsistence allowances 7,5% and to reduce current maternity leave and benefits qualification periods. BD 20/4/95

National Union of Metalworkers of SA (Numsa) general secretary Enoch Godongwana said his union was not interested in isolating the wage component of negotiations from other issues under discussion.

Numsa wanted employers to table a package of wage increases, revised job grading, productivity and training. As this had not materialised, Numsa would not comment on the current wage offer, Godongwana said.

Union sources said little ground was covered during the negotiations as employers seemed "unprepared"

Seifsa said some wage demands were dropped by unions.

Negotiations continue on May 15 and 16.

THE STAR / MONDAY APRIL 24 1995

Positive talks in metal industry

CRAW 24/4/95 (189)

■ BY JUSTICE MALALA and THABO LESHILO

The first round of talks in the metal industry ended on a positive note last week with unions praising the Steel and Engineering Industries Federation of SA's higher than expected 7,5% wage offer

However, representatives of the more than 275 000 workers in the metal industry rejected the wage offer after two days of talks, demanding increases of between 15 and 25%

More than 9 000 employers under Seifsa presented the unions with the 7,5% increase on actual wages, and proposed no increase on minimum wages "in an effort to stimulate further employment opportunities in the industry"

"There is progress This is the highest opening offer by Seifsa, which has a history of favouring increases of between 3 and 5%," said Philemon Makofane, general secretary of the Steel, Engineering and Allied Workers' Union

But National Union of Metalworkers of SA sector co-ordinator Elias Monage slammed the employers' offer He said that, although it was higher than usual, the fact that it was isolated from other key issues like closing the wage gap between artisans and labourers made it a "non-offer"

Negotiations

Both parties go back to the drawing board in preparation for another two-day round of talks in May and a final one in June

"We expect that negotiations will go much better than in past years because all economic indicators show that the economy is growing," said Metal and Electrical Workers' Union of SA general secretary Tommy Oliphant

The employers' offer was coupled with an offer to increase subsistence allowances by 7,5% and to reduce the current qualification period for maternity leave and benefits The employers also agreed that employees should not be obliged to terminate their services for maternity reasons

The 13 unions' other demands include a 5% wage improvement for lowest-paid employees and other proposals to close the wage gap between artisans and labourers, the introduction of a stand-by allowance, and the extension of the main agreement to cover the homelands and former TBVC states

Wesley Gavin of the Mineworkers Union said both parties showed a genuine commitment to reach agreement soon "We are not playing games"

Seifsa said in a statement that some of the unions had withdrawn some of their non-wage-related proposals as a result of Wednesday's talks

Looking beyond 2000

■ Columbus aims to be the top stainless steel supplier (189)

FM 28/4/95

The R3,5bn Columbus stainless steel brownfields project (extending the plant to a capacity of 600 000 t a year) is 90% complete, with R2,95bn already having been spent

"The meltshop should cast its first slabs by May and, by the third quarter, both the new hot-rolling and cold-rolling mill extensions will be complete The plant will then be fully commissioned and ready to move towards its optimum production by 1998-1999," says Columbus CE Fred Boshoff

This will be the culmination of a process that started in 1991, when the previously Barlows-owned Middelburg Steel & Alloys plant was bought by a consortium consisting of Anglo American, De Beers and Gencor At that stage, a feasibility study for a stainless steel plant was already well advanced

Last year the old plant had an output of about 150 000 t of stainless steel products Boshoff expects combined production for 1995 to reach 250 000 t, with phased annual increases until full production is reached by the end of the century

An accident in October, involving two huge construction cranes, prevented the meltshop from being commissioned in March

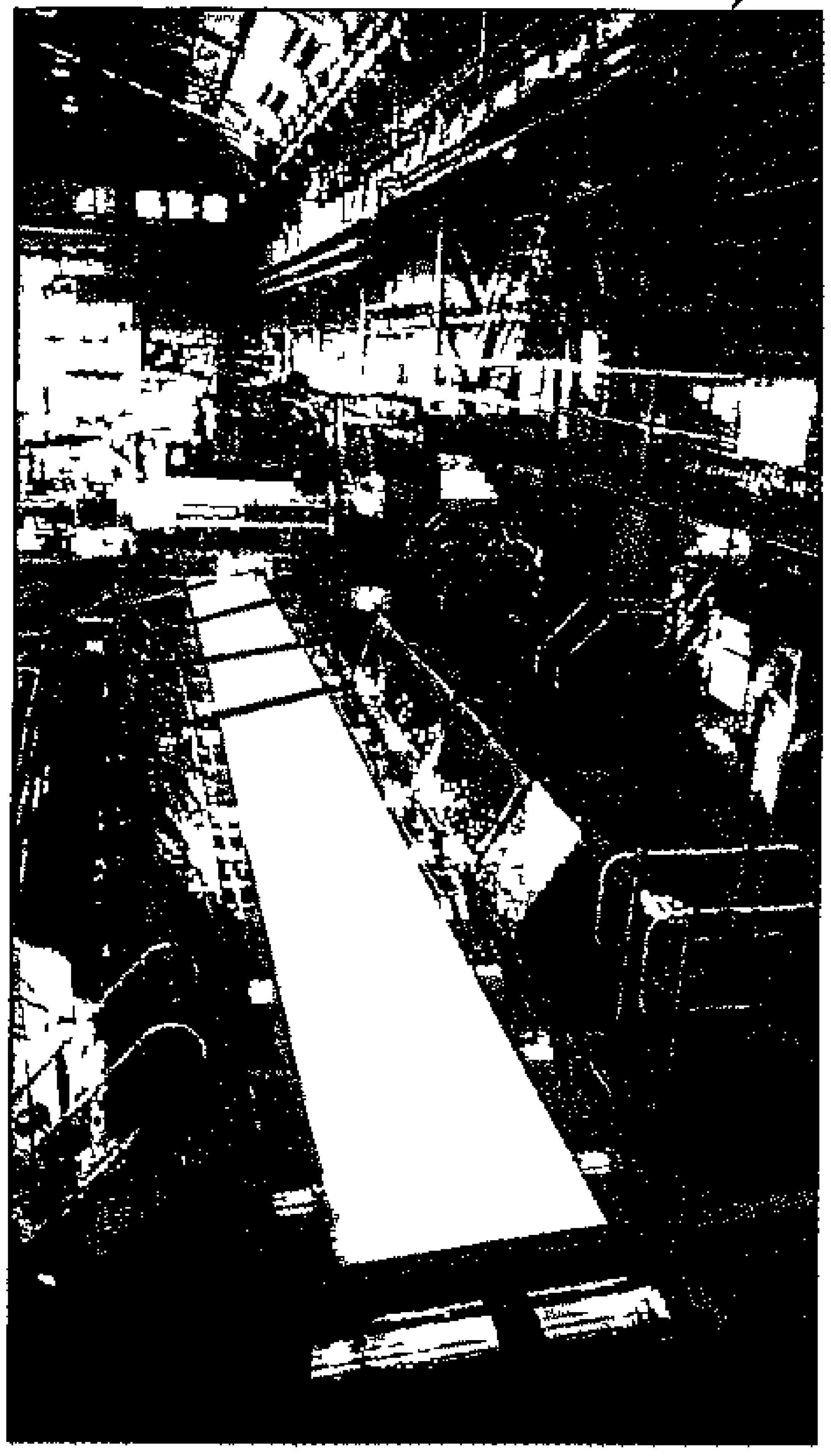
According to analysts, a physical shortage of stainless steel in the world market pushed cold-rolled stainless steel prices 28% higher during the last six months of 1994

However, the price of nickel doubled during the same period, leading to pressures on overall margins Nevertheless, the Columbus joint venture, held in equal shares by Samancor, Highveld Steel & Vanadium and the IDC, looks set for an auspicious start

"Our base production of hot-band product is already committed on medium- to long-term contracts With about 85% of total production due to be exported, we aim to remain a responsible player in the global market The fact that Samancor's ferrochrome plant (which can provide us with liquid metal) is virtually on site, means that we will save substantially on raw material transport, as well as electricity costs," says Boshoff

He adds that a JSE listing is a possibility but the timing and nature will depend on the shareholders

A bullish metal price outlook for stainless slabs, coil, plate and sheet also augurs well for repayment commitments over up to 8½ years of the R1,2bn in offshore export credits While Boshoff is reticent to disclose details of projected turnover, or profit forecasts, Columbus has set itself a target of becoming "the world's most competitive and preferred supplier of stainless and



Stainless steel gearing up for a world market

chrome-bearing steels"

It is expected that full annual production targets at the new plant may include 256 000 t of No 1 coil (185 500 t nickel-bearing austenitic steel and 70 500 t ferritic steels), 120 000 t of cold-rolled product (84 000 t austenitic and 36 000 t ferritic), 20 000 t of slabs, 18 000 t of plate and about 56 000 t of 3CR12 high-chrome steel products Exports from the enlarged plant — the world's largest single-site stainless steel plant, which would make SA the sixth largest global producer — should reach 35-50 countries

Apart from its global target, Columbus aims to increase its sales to the local market from a current 45 000 t a year to about 100 000 t

During the construction phase of the project, more than 6 000 jobs were created, with an additional 12 000 jobs in the local engineering and maintenance sectors At full production, the plant will consume about 180 000 t of ferrochrome a year, securing 400 jobs at a chrome mine In addition, its enormous use of electricity will ensure jobs at power stations and coal mines. At Middelburg Ferrochrome, which supplies Columbus with chrome, a further 500 jobs will be safe

By adding value to previously unbeneficiated materials like ferrochrome, coal and nickel, creating jobs and earning valuable forex, Columbus is in the position to provide a valuable injection into the SA economy for decades to come ■

Seifsa increases wage offer to 9%

Renee Grawitzky (189) BD 16/5/95

METAL industry employers raised their offer from 7,5% to 9% on actual wages during the second round of industrial council negotiations yesterday.

Employer body Seifsa said this offer was conditional on the existing regional wage exemption procedures remaining in place

The National Union of Metalworkers of SA had demanded that all exemptions be reviewed annually by a national exemptions committee and if a condition upon which an exemption was based expired then the exemption should expire Seifsa said several unions, excluding Numsa, had revised their original wage demands.

The Mineworkers' Union, Yster en Staal and the Council of Mining and Building Unions revised their demands from 15% to 13,5% and the Metal and Electrical Workers' Union from 18% to 15%.

Numsa's core demand to the industry in 1993 was closure of the wage gap to ensure workers at the lowest grades would earn no less than 60% of an artisan wage and a reduction in the number of grades

Seifsa said the focus of yesterday's negotiations was Numsa and the Chemical Workers' Industrial Union's proposals concerning "modification to the industry's current wage structure"

Numsa's Chris Lloyd said the employers' wage proposal avoided the real demand of closing the apartheid wage gap. He said an across-the-board wage increase on actual rates only exacerbated the situation.

Employers also offered to raise subsistence allowances 9%, to improve maternity leave provisions and minimum severance payments for retrenched employees.

Metalworkers in strike deadlock

Staff Reporter (189) ARG 15/7/95

A STRIKE by McCarthy Motors and Atkinson Toyota employees, involving members of the National Metalworkers' Union of South Africa, looks set to continue

Wage negotiations deadlocked after a series of meetings and the dispute was referred to the Industrial Council — but no agreement could be reached The union is demanding a 15 percent wage increase

"We believe our demands are perfectly justified. Although the inflation rate is presently around 11 percent, we need to improve our living standards," a union spokesman said.

He accused management of wasting company resources by taking trips with their wives to the Lost City, driving top-of-the-range cars and buying "unnecessary liquor for strange parties".

New wage model for metal industry

(189)

Renee Grawitzky

BD 24/7/95

AN AGREEMENT on developing a new wage model covering wage differentials, grading, training, productivity and job security was the key to Friday's settlement of the engineering sector wage dispute

The mediated agreement provides for a 12% wage increase for unskilled and semi-skilled workers and 10,5% for artisans

The agreement, covering more than 270 000 people, was reached between the Steel and Engineering Industries' Federation of SA and the National Union of Metalworkers of SA (Numsa), Yster en Staal and 10 other unions.

The 15 000-member SA Electrical Workers' Association declined to sign the agreement on the grounds that the increases were discriminatory

The scheduled minimum rate in the industry will increase from R6,02 an hour to R6,74, while the artisan rate will increase from R13,35 to R14,75 an hour

The agreement also allows employers in KwaZulu-Natal, Eastern Cape, Free State and Northern Cape to apply for exemptions to implement lower increases

The parties agreed on changes to maternity leave provisions, an increase in severance pay to a maximum of eight weeks' pay after eight or more years' service, and an increase in subsistence allowances.

A task group is to be set up to formulate the new wage model by April. It will include representatives from all parties

Numsa could strike

NATIONAL Union of Metalworkers of SA members threatened strike action at Crown Cork yesterday after wage negotiations failed Workers demanded a 13% across-the-board increase, weighted to benefit the lowest paid, improved transport arrangements, and modernisation to ensure the company remained viable, the union said. (189)

REPORTS, Business Day Reporter, Sapa

30/11/95

Mediators hear dispute

BD 13/7/95

Renee Grawitzky

(189) (454)

THE Steel Engineering Industries' Federation of SA and the National Union of Metalworkers of SA attended a first mediation session yesterday to resolve the wage dispute in the metal industry affecting more than 200 000 workers

Mediators were Charles Nupen, facilitator in the motor manufacturing agreement last month, and Felicity Steadman.

The union declared a dispute after industry employers refused proposals for a three-year strategy incorporating the closing of the wage gap in and between grades, a productivity framework agreement and training and education for the upgrading of skills and wages The union rejected the employers' across-the-board increase of 10%, claiming this exacerbated existing wage differentials

The discussions continue over the next two days

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BD 28/7/95 (189)

Buoyant results likely for steel and allied industries

Marcia Klein

THE recent sharp decline in the steel and allied index was a function of lower metal prices and investor uncertainty about the direction of prices and not a reflection on the expected financial performance of the local major steel groups, analysts said yesterday

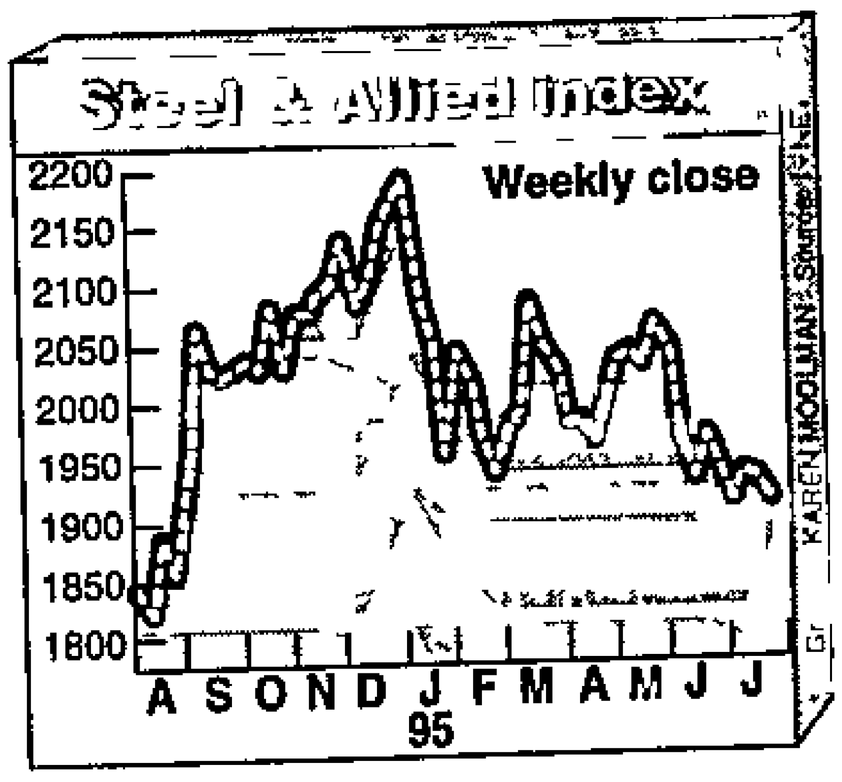
Steel and vanadium producer Highveld Steel & Vanadium, which reports interim results next week, closed yesterday 25c down at a new low of R27,50, after dropping from a January high of R41,50.

Analysts said the decline in the share price largely reflected the steel and vanadium price and had little to do with the imminent announcement of its results to end-June

In the year to December Highveld reported a 74% jump in attributable income to R118m on 27% higher turnover of R2,2bn, and chairman Leslie Boyd forecast "a further significant increase in earnings in 1995"

Although vanadium prices had come off since this forecast, analysts were still expecting buoyant results

An analyst said the steel price had



dropped sharply over the last few months, and was currently 83% of the peak price reached earlier this year Hot rolled steel was quoted at $510 a ton at end-March, and was now at about $400

Vanadium prices had not been sustained at the level Highveld was anticipating The vanadium spot price had plummeted to the current level of about $2,35 a pound from more than $4,75 in February

An analyst said these declines could be temporary and did not necessarily indicate a downturn in the cycle He was expecting prices to remain flat for 12 months before picking up again

The lower prices reflected a stock build-up which took place as prices rose last year Now these stocks were at a satisfactory level

There was also usually a slowdown at this time of the year due to holidays in the northern hemisphere

"By all accounts demand is still strong, but prices are low as there is little urgency to buy," he said

Steel producer Iscor, which would soon publish its results for the year to June, was also expected to turn in a buoyant performance

At the December interim stage, attributable income rose 87% to R293m on 10% higher turnover of R5,4bn, and MD Hans Smith forecast a further significant increase in the second half

One analyst said the steel market, particularly stainless steel, had been very competitive, but SA companies were at some advantage as they were near to their raw material sources, although transport costs were high if they wanted the sell internationally

Agreement in wage talks

Sowetan 24/7/95

(189)

UNIONS and employers in the steel and engineering industry have reached agreement on wage increases for 275 000 workers and will set up new wage models which will cut ties with past pay trends favouring white workers

The National Union of Metalworkers of SA and the Chemical Workers' Industrial Union said at the weekend workers would get increases ranging between 11 percent for the highest-paid workers and 12 percent for those on the lowest scales

The unions and the Steel and Engineering Industries Federation of SA, representing more than 9 000 employers, also agreed to set up a task group which has until April next year to work out a new wage model for the industry

This follows a historic agreement between Numsa and automobile industry employers in June which cut ties with past remuneration practises and ushered in a new era of merit-related non-racial pay packets, education and training provisions and new dispute resolution procedures

The parties agreed that the new wage model will deal with job-grading, worker training, productivity, employment security and wage differentials

But the parties still have to agree on how to accommodate the diversity in the industry when setting up the wage model — for example some factories employ thousands of workers producing for export while others are small family businesses and engineering shops

Numsa general-secretary Mr Enoch Godongwana hailed the agreement as a victory for workers

"Seifsa has finally agreed in principle after two years of bitter negotiations to improve the pay of the lower paid workers, reduce massive wage differentials between the different grades and improve the skill levels of workers " — Sowetan Correspondent

Decisive talks for metal trade

(189) Sowetan 4/7/95

By Abdul Milazi
Labour Reporter

CHANCES of the metal industry breaking the current impasse in the annual wage negotiations and averting a full-blown strike, depend on today's meeting between employers and trade unions

Negotiations between the Steel and Engineering Industries Federation of South Africa (Seifsa), the National Union of Metalworkers of South Africa (Numsa) and the Chemical Workers Industrial Union (CWIU) deadlocked last month due to apparent irreconcilable viewpoints

The two unions declared a dispute against Seifsa, which responded by declaring its own dispute against the unions

Numsa spokesperson Jenny Grice said if today's meeting and another scheduled for July 11 failed to bear fruits, the union would ballot its members on what type of industrial action to take

Numsa general secretary Enoch Godongwana earlier said Seifsa's offer of 10 percent across-the-board wage increase and 11 percent for the lowest paid was rejected by the union because it was irrelevant to the key issues the union had fought for the past two years

Godongwane said "It is well known that Numsa sees this as the final year to get a new wage model in place Such a model must address the two key problems of the industry the totally inequitable wage structure and the need to modernise the industry quickly to meet world competition"

Seifsa director of industrial relations Dave Carson said employers stood by their final wage offer of 10 percent across-the-board and 11 percent for the lowest paid workers

Unions and Seifsa in dispute

(189)(856)

Sowetan Reporters

Sowetan 7/7/95

THE National Union of Metalworkers of South Africa and employers in the metal industry will go to mediation next week in a bid to break the deadlock in the current annual wage negotiations

Negotiations between Numsa and the Steel and Engineering Industries Federation of South Africa broke down two weeks ago when the two parties could not agree on the union's key demands

Numsa and the Chemical Workers Industrial Union declared a dispute against Seifsa, which in turn declared a dispute against the two unions

Numsa spokesman Ms Judith Weymont said the union hoped mediation would help end the impasse

Haggie's earnings rocket by 74%

189B

From CHARLOTTE MATHEWS

JOHANNESBURG — A sharp increase in operating margins after a turnaround at Consolidated Wire Industries (CWI) and the copper-based products division saw Haggie lift earnings 74% to 312,3c a share in the year to December, compared with 1993

CT 10/2/95

On a mere 13% rise in turnover to R1,4bn, margins surged to 7,6% from 4,6% previously Net interest payments declined slightly, but there was a R19,5m tax liability, against 1993's R1,5m tax credit.

Attributable earnings rose 74% to R60,9m, while extraordinary expenditure on discontinued operations fell to R590 000 from R8,8m The total dividend for the year is 50% better at 150c

Boilermaker lands R50-m deals with Africa exports

JOHN VILJOEN (189 B) (...) ARG 11/2/98

Business Staff

BELLVILLE-based industrial boiler manufacturer John Thompson Africa (JTA) has taken its export contracts with countries north of the Limpopo to about R50 million through new deals in Zimbabwe and Kenya

In a contract worth R2 million, the Zimbabwe Forestry Commission, with finance from the World Bank, has ordered a wood-fired shell boiler and furnace from JTA for its sawmilling complex at Chimanimani

A partner in the contract is Rolls-Royce Industrial Power Group sister company NEI Zimbabwe, which will be responsible for construction

The R4 5 million Kenya deal is for the refurbishment and modernisation of two boilers at a sugar mill at South Nyanza, about 400km south-west of Nairobi

The contract has to be completed within tight deadlines, according to JTA managing director Garth van Nierop

We have only six weeks of off-crop time in April and May, which gives us five weeks for the work and one week for trials," he said

South African components for the Kenyan project will be shipped to Mombasa and then trucked by road

Further components will be manufactured to JTA's design in Nairobi

Heavy prices help keep out lead pollution

(1898)

By DON ROBERTSON

AN ecological disaster awaits South Africa if the international lead price declines and battery imports continue to rise

Although South Africa has one of the most effective recycling programmes in the world for used batteries, suppliers might no longer feel obliged to recycle scrap lead if the prices fall below R1 400 a ton, says Louis Laubscher, managing director of First National Battery

First National recently opened a lead-smelting plant in Benoni which will recycle batteries returned from various outlets and remove scrap batteries from uncontrolled areas.

At present, the industry sells about 3-million batteries a year, with a similar number of returns The industry is under a legal obligation to recycle batteries, but importers are not part of this recycling chain and feel no need to ensure that batteries are disposed of in a controlled environment.

"As soon as this happens, we will have scrap batteries, lead and acid strewn across the country, on dumping grounds, in water supply channels and in residential areas," says Mr Laubscher

He says the current price of lead is about R2 100 a ton and that it costs between R1 600 and R1 700 a ton to recycle

"In the present market conditions, it is lucrative for us to recycle scrap batteries since the lead price is high. Even if we recycle more lead than we need, the excess can always be used up due to market growth."

However, he says that if the price should fall, it will be uneconomical to recycle used batteries that were not originally part of First National's production chain.

Mr Laubscher supports the introduction of legislation to force importers to take back their spent batteries for sale as scrap on the open market.

First National will use about 8 000 tons of recycled lead this year for grid and spine manufacture. A more pure form of lead is used for oxide manufacture.

ST (BT) 7/5/95

CAN DO *Holdains chief executive Richard Bruyns (left) shakes hands with John Conway, president of Crown Cork and Seal's international division, upon announcing Crown Cork's new beverage can line*

New R140m can line for Crown Cork

BY CHARLOTTE MATHEWS
INVESTMENT EDITOR

Crown Cork SA, a joint venture company in which Holdains holds a 42 percent stake, is investing R140 million in a greenfields beverage can line in Gauteng, the company announced this week.

Holdains chief executive Richard Bruyns, said the new can line would produce an additional 600 million cans a year for Crown Cork, bringing the company's capacity to 1,3 billion cans a year

Given current projections of market growth, another new line is being targeted for the near future

The company is examining a number of potential sites on the Reef It expects the new can line will be operating by November 1996

"This investment has been prompted by a sharp increase in demand from our customers, the country's leading beverage manufacturers," Bruyns said

"Volumes of cans for beverages have been increasing by an estimated 10 percent a year, and our indicators suggest that current growth is in excess of that"

Holdains' partner in Crown Cork SA is Crown Cork & Seal of Philadelphia Holdains bought an interest in Crown's South African operations in 1992, and its current stake of 42 percent will increase to 50 percent in January 1996

CT (BR) 15/9/95 (18 9B)

THE SPIRA INTERVIEW

CT(BR)18/9/95 (1898)

SA tanker building industry a world leader

South Africa is the world's largest tank container manufacturer, accounting for between 40 and 50 percent of global production, providing employment for more than 5 000 people and generating annual foreign exchange earnings of R36 million in leasing alone

It is an industry that has truly matured, especially over the past two to three years, thanks to the confidence South Africans have demonstrated by putting hard cash into this vehicle, said David Jenkins, the chief executive and founder of Multistar, the company which pioneered the concept in this country about 14 years ago

"We have running records of the investment over 10 years, so you can see how it has actually performed over a reasonable period.

"We manage over 3 000 containers for clients and ourselves. As the world's fleet is in the region of 60 000 tanks, a Multistar investor is part of a tank container fleet representing 5 percent of the world fleet We're part of the market rather than knocking on the periphery"

Jenkins maintains that these two factors, being able to show audited returns over 10 years and South Africa's significant global role, offer much confidence to a prospective investor.

He claims that Multistar controls about 80 percent of tanker investment in South Africa

"It's a massive feather in our caps that so many people have followed us We've been in the industry for 14 years We've had companies like FNB and Trencor emulating us

"We are approached by banks and large accounting/auditing companies who wish their clients to be invested in tank containers People have realised that this is a very sensible investment if they want international exposure for a portion of their portfolios"

Jenkins suggests that such portion comprise no more than 5 to 10 percent of a portfolio

"I believe in a balanced portfolio Tank containers are not for the investor who has a couple of hundred thousand to invest You should have a portfolio of at least a million before you invest in a tank container

"Also, you have to go for the middle-of-the-road conservative side of the tank container business

"Most of my competitors will claim that they can show higher returns They can But if you get a larger return, you take a larger risk. The risk increases if you invest in specialised tank containers and/or allow your container to be managed in areas like South America and eastern Europe"

With competent management, he said, you should achieve a return of about $3 000 a year per container If you get much more than that you have to be taking a risk "It isn't a whiz-bang industry It's a classic industry which moves chemicals from point A to point B What we offer investors is a long-term investment in standard tank containers used in safe areas by the larger international companies"

'Tank containers are not for the investor who has a couple of hundred thousand to invest, you should have a portfolio of at least a million'

The current $3 000 annual return is based on a container costing about R120 000 When Jenkins started marketing containers 13 years ago, they cost R38 000 apiece

"That's not an indication of rate increases in the international market but rather of rand depreciation I think there is more chance of the rand continuing to go against us than of it strengthening"

It is the weakness of the South African currency that has made container investment — the returns are earned in dollars and the containers valued in the same currency — an ideal rand hedge

Jenkins said there was currently a tremendous expansion in the need for tank containers, largely because some 30 percent of materials which should be transported in containers is in fact carried in road tankers

"There are still an awful lot of chemicals carried in 45 gallon drums in road tankers and in rail solid tanks Some products will always have to be carried in 45 gallon drums Some (petrol, for example) will always be carried on a solid chassis But many others will not"

Growth in demand is largest in America, which initially lagged Europe as a result of the belief that containers were taking away the livelihood of the truckers But in the last 18 months there's been legislation aimed at moving chemicals off the roads

"Accordingly," said Jenkins, "tank containers, the most environmentally friendly and safest way of moving chemicals, have been coming into their own And the American railroads are seeing the benefits of tank containers

"It's causing such a need that I don't think it can be filled in the next six years under present manufacturing capacity"

Jenkins cites figures which show that over the past 10 years the world's tank container fleet has gone up by about 10 percent a year

Last year 11 000 were produced and this year, he estimates, it will rise to more than 14 000 So the industry is expanding at a rate close to 20 percent

The higher levels of demand have been fuelled not only by the opening of new markets but also by the replacement cycle Even a well-maintained container, said Jenkins, would not last much more than 30 to 35 years "The first major phase of replacement is now upon us"

Multistar has a management team in London that oversees all its tank containers In addition, it has a board of trustees in South Africa which looks after its clients' interests

The company has entered into what Jenkins terms a "rebuild programme". Tank containers are built to last more than 20 years But they need care and attention Multistar receives regular reports on the containers and "after five years we begin a rebuild programme" It takes 5 percent of the earnings of all the containers after five years on its fleet and places the money into an account to rebuild them

"On this basis, in 30 years, your children could have a container which didn't have one piece of original equipment" What happens if someone finds a new metal which is half the weight of stainless steel?

"If you have the rebuild programme, you catch up I don't think you'll find a new material half the weight of stainless steel, but if it happens, our rebuild programme will allow us to keep pace with technological advances as they happen"

In addition to containing useful rand hedge qualities, tank containers may be depreciated at 20 percent a year on a straight line basis over five years

It's a handy advantage, but will it continue into the future? "Less than two years ago," said Jenkins, "the tax authorities placed the issue under a microscope They were happy with the situation, so to me it looks like it's here to stay

"Part of their reading of the position is that we've helped generate a lot of business for the manufacturers We provide them with their base load whereby they put in a dedicated line that continues forever on tank container production

"That's a lot of employment — at least 5 000 people And it has a big multiplier effect Now that's very good from the government's point of view

"The process uses South African raw materials, South African labour, the infrastructure necessary for manufacture and comes up with a finished product — which is just the first step

"The finished product goes overseas and earns foreign exchange of R36 million a year (rising) in perpetuity If you take away the tax incentive, you won't get that"

Jenkins estimates that South Africa's tank container manufacturers generate revenues of R60 million a year and that more than 60 percent of the finished stainless steel manufactured in the country goes into tank containers

Last year Welfit Oddy was the largest manufacturer of tank containers in the world This year it will be Consani

CONFIDENCE *South Africans are putting hard cash into the tank container manufacturing industry, says David Jenkins the chief executive of Multistar*

Jobs boost from new R54-m plant

NORMAN JOSEPH, Staff Reporter (189B)

A NEW R54 million tank container plant for Consani Engineering in Elsies River will provide jobs for more than 100 unemployed people.

The plant, in Consani Road, was opened by Minister of Trade and Industry Trevor Manuel.

A company spokesman said a growing export demand had prompted Consani to open the plant.

The spokesman said the company believed firmly in labour empowerment and developing people to their maximum potential.

The new plant consisted of different work stations and would need more than one person to control production machinery. Each station had eight sections and would be supervised by a team leader.

The spokeman said that in the past eight years Consani had introduced several liberal policies such as:

- A monthly Workers Forum with hourly paid employees having representation in executive management meetings;
- Transparency with monthly profit disclosure to all employees;
- A 40-hour working week;
- Multi-skill programmes within a formulated structure and;
- Profit share to each employee.

ARG 24/10/95

Pipe plant will help RDP objectives

CT (OR) 1/11/95 (189B)

BY ROY COKAYNE

Johannesburg — South Africa's ability to achieve RDP objectives has received a significant boost with the opening of Hobas South Africa's R25 million plant at Rosslyn near Pretoria

It is the country's first factory for manufacturing centrifugally cast Glass Reinforced Polyester (GRP) piping and was officially opened this week by Water Affairs and Forestry Minister Kader Asmal

The process used at the Rosslyn plant is the most technically advanced and economical in the world Ten million rands worth of equipment was imported from Hobas SA's overseas technology partner, Hobas Austria

GRP piping is suitable for water reticulation purposes and is a lot lighter than standard sections of a pipe, thus eliminating the need for heavy duty pipe-laying equipment, which makes it ideal for labour intensive projects

Hobas SA is a joint venture between world leaders in GRP technology, Hobas Group (Austria) and Blue Circle It operates as part of Main Industries, a subsidiary of the Darling & Hodgson division of Blue Circle

The factory covers 10 000m² and can produce 100km of GRP a year in its initial configuration, but its modular layout allows for rapid expansion

It includes a mixing and feeder system, central process control and a coupling manufacture machine

The company will also provide employment opportunities for about 30 people when the plant is operating at full capacity

Asmal said the opening of the factory was a statement of confidence and that one day everyone would have clean supplies of water

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'South Africa missing out on golden opportunity'

Star 2/11/95 (189B)

■ BY JON BEVERLEY

South Africa was missing an opportunity to turn raw gold into jewellery, said Aidan Edwards, president of Mintek.

Edwards said that while 2 200 tons of gold was made into jewellery around the world each year, South Africa made only 4,4 tons or 0,2 percent of the total The amount of gold jewellery made worldwide each year exceeded the quantity mined in South Africa

As was done with aluminium, stainless steel and ferrochrome, the country should seek to expand the domestic jewellery industry

Edwards said Mintek continued to provide new technology to increase the use of gold and platinum at home and abroad He said the Reserve Bank should be pressured to supply gold on more favourable terms to the jewellery manufacturers than it does at present

'SA missing out on golden opportunity'

(8 9B) CT(BR) 2/11/95

BY JON BEVERLEY

Durban — South Africa was missing an opportunity to turn raw gold into jewellery, said Aidan Edwards, president of Mintek

Edwards said that while 2 200 tons of gold was made into jewellery around the world each year, South Africa made only 4,4 tons or 0,2 percent of the total

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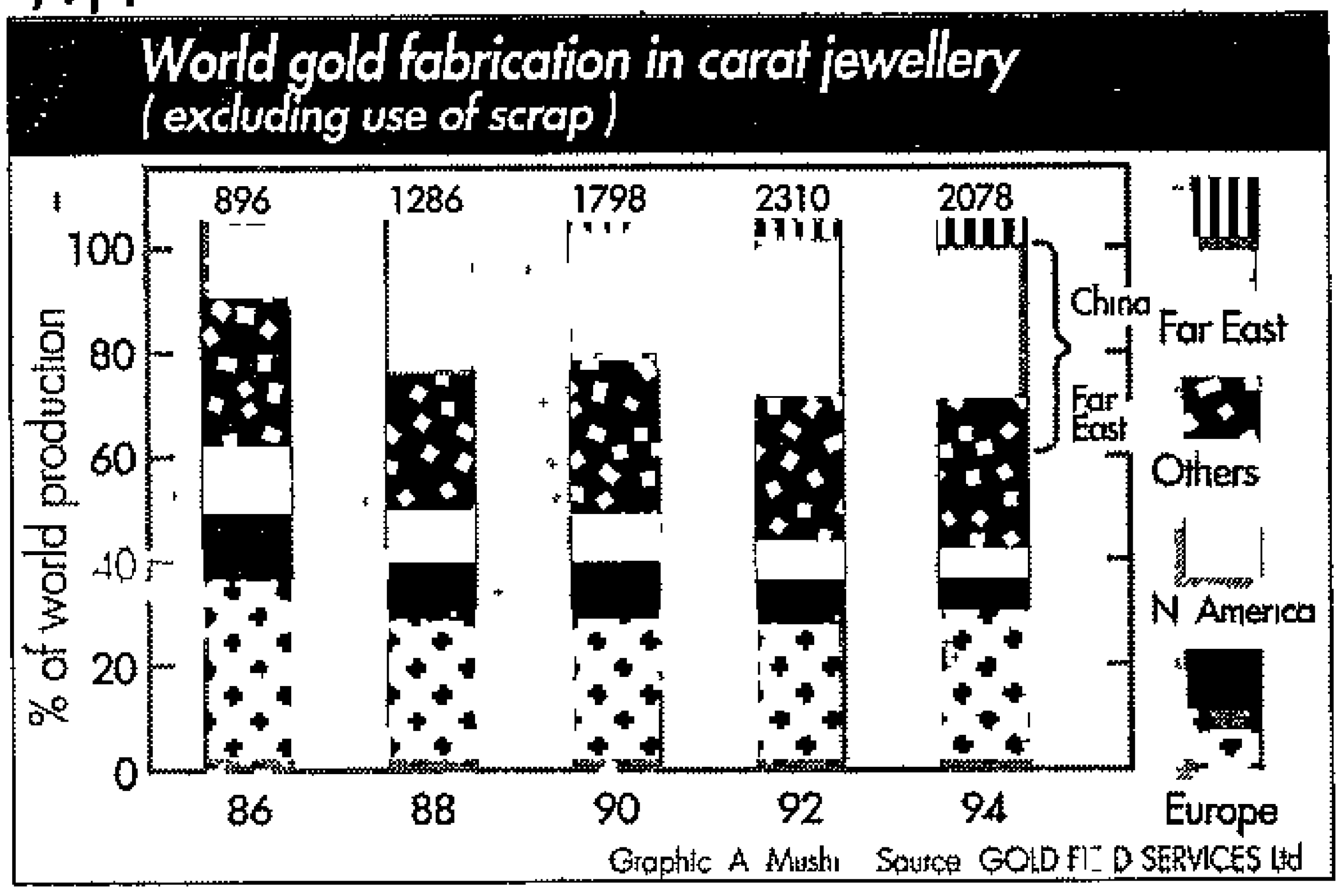
Edwards said Mintek continued to provide new technology to increase the use of gold and platinum at home and abroad This included three new gold alloys known as Spangold

He said the Reserve Bank should be pressured to supply gold on more favourable terms to the jewellery manufacturers than it does at present

He said the downstream development of South Africa's minerals had been neglected and where the country once produced 70 percent of the world's gold, this was down to 27 percent in an environment of the highest mining costs in the world

Only economies of scale and a depreciating rand had enabled gold and platinum miners to survive



Privatising ADE 'too risky at this stage'

BD 23/10/95

EDWARD WEST

CAPE TOWN — Atlantis Diesel Engines' (ADE) four-year profit record could establish it as a candidate for privatisation, but uncertainty about future protection made a flotation too risky for the public, Industrial Development Corporation (IDC) executive director Carel van der Merwe said at the weekend.

The IDC owns the Atlantis-based diesel engine manufacturer Van der Merwe said while it was IDC policy to sell companies with a profitable track record, "we could not impose that risk on the public at this stage."

The Motor Industry Task Group report, upon which the Board on Tariffs and Trade was expected to make its final recommendations this year, suggested that the duty on imported engines drop to 25% from 50% between this year and 2002.

MD Fritz Korte said ADE was moving towards becoming internationally competitive with falling protection levels.

In the past three financial years taxed profits averaged R25m on R500m turnover.

About 30% of turnover currently comprised exports to Korea, Indonesia, France, Germany, Brazil, Argentina and the UK and US, but over the longer term, major export growth could be achieved in other African countries where sales were small.

New ventures included tractor assembly, an automotive pipe shop, engine remanufacturing, manufacturing a truck wheel trolley and efforts to introduce diesel power to taxis.

ADE is the major employer in 60 000 strong community at the Atlantis industrial area outside Cape Town, of whom about 50% are unemployed.

(189C)

White goods move lauded

(189C)

YURI THUMBRAN

BD 17/3/95

RETAILERS, analysts and the Furniture Traders' Association have welcomed the scrapping of the 15% surcharge on white goods in this year's Budget, while manufacturers say the move is unlikely to pose a threat to them

FTA executive director Frans Jordaan said yesterday that retail prospects for white goods in the long term were very good The surcharge is due to be scrapped on October 1.

However, Jordaan warned there would be consumer resistance to white goods ahead of the abolition of the surcharge, while importers would hold on to current stocks until October 1

He expressed concern that the withholding of goods could affect retailers' stocking up ahead of Christmas "If this happens, there will be a huge bottleneck in the industry during October"

JD Group MD and chairman David Sussman said local manufacturers would "hold their own" despite the scrapping of the surcharge

Local goods were still protected by duties, which meant they could still be obtained at a competitive price compared with imported items, he said

A retail analyst said to make the market more competitive, it was necessary to scrap the protective duties on white goods, which would put pressure on local manufacturers. But the scrapping of the surcharge was a step in the right direction

Malbak financial director Brian Steele said the effect on subsidiary Tek, which manufactures white goods, would be small

Tek was strongly positioned in the retail market with the Defy brand name, which was in demand

Ellerine Holdings chairman and MD Eric Ellerine said the removal of the surcharge was a step in the right direction, but increased spending on housing held good for furniture retailers

MARCIA KLEIN reports that analysts said local producers of consumer goods, some of whom had enjoyed significant protection from imports, were likely to come under pressure

They said the price of consumer goods would come down, and all importers of major brand names would benefit. But importers of grey products would be unable to compete on price as they had done in the past, and they could be faced with closure

Finance Minister Chris Liebenberg said the 40% import surcharge on luxury goods would also be abolished from October 1

Companies which manufactured luxury and white goods locally would also come under pressure, the analysts said

Healthy figures for Momentum subsidiary

(SB) CT(BR) 3/4/95

By Charlotte Mathews

INVESTMENT EDITOR

A gleam appears in the eye of Laurie Dippenaar, the chairman of Momentum Life Assurers, when he mentions Momentum Health, the group's health insurance subsidiary

Momentum Health, of which 70 percent is owned by Momentum Life, has a total annualised contribution income of R200 million and covers 5 000 companies Its performance since it was launched in 1992, with capital of R10 million, has exceeded budget and it has reached profitable levels sooner than expected.

The company recently held a rights issue to raise a further R25 million and brought in Hollandia Re as a shareholder with 15 percent.

The company offers a medical aid replacement but has a more flexible product than most medical aids, from hospital cover to a fully comprehensive plan.

The fully comprehensive plan contains a medical savings account for discretionary costs up to a certain level — that means that for GP visits and certain other treatments the member meets the costs himself out of a special savings account.

Depending on the types of cover, the monthly contributions are between R300 and R1 400 a member

The MD of Momentum Health, Adrian Gore, said in an interview last week that there had been a considerable shake-up in the medical aid industry in the past few years

"I think the introduction of actuarially based products such as ours have had an impact on the way medical schemes are operating

"We have overcome the problem of underfunding because we work on the principle that the member is empowered through financial incentives for day to day expenses, and that encourages members to be prudent. When a person knows he is spending his own money, it produces a dramatic shift in behaviour," he said.

MTN to defy ruling on ad slogan

By Ross Herbert

STAFF WRITER

MTN, one of two cellphone network operators in South Africa, said last week it would defy the Advertising Standards Authority's decision to ask all television and radio stations, newspapers, printers and outdoor advertisers to turn down MTN advertisements carrying the line "The Better Connection"

"The situation is untenable. If they try to enforce the decision we will interdict them," said Rob Reynolds, marketing manager for MTN

In a statement released on Friday, MTN said it considered the ASA proceedings to be "fatally defective, and consequently of no effect in law"

It claimed the ASA had not given it a hearing, and that the ASA tribunal had been improperly constituted

In a statement, the ASA said it stood by its decision and had afforded MTN "every opportunity of a fair hearing"

Nu-World in pursuit of expansion

(189C)

By Charlotte Mathews

CT(BR) 3/4/95

Electrical appliance manufacturer and distributor Nu-World Holdings grew earnings a share by 48 percent to 10,8c in the six months to February this year.

Nu-World also announced its intention of raising a further R4 million of capital in the next three months to fund further expansion. Turnover was 53 percent up at R72,6 million while net operating income was 40,2 percent higher at R3,1 million.

The interest bill was up by about R500 000 but the tax rate was almost half what it was a year previously.

After-tax income grew by 64,5 percent to R1,5 million but because of a slightly higher number of shares in issue after the last capitalisation award, the percentage increase in earnings a share was lower

The company's policy is not to declare an interim dividend.

CT (BR) 11/4/95

ADE to distribute Perkins engines: Atlantis Diesel Engines (ADE) will distribute Perkins diesel engines, parts and back-up, Jeremy Canham, general sales manager international regions of Perkins Engines of England, said yesterday He added this would strengthen a relationship that had existed since 1980, when Perkins licensed ADE to produce its engines (189e)

Poor production hits Gentech

AMANDA VERMEULEN

POOR production at one of its plants contributed to appliance manufacturer Gentech's attributable loss of R2,4m (against income of R3,6m previously) in the year to February.

A loss of 4,4c a share (earnings of 8,7c) was reported. No dividend was declared.

BD 26/4/95

Turnover increased 12% to R307,2m, of which Hoover — acquired by the group in July — was the major contributor. The KIC factory was reorganised but sales were maintained mainly through selective imports "These imports impacted on overall gross margin and as a result, operating income fell to R2,7m (R8,2m)."

An extraordinary item of R12,4m was the cost incurred in the start-up and acquisition of the Hoover business, the reconstruction of the group's manufacturing and distribution activities, and the disposal of the geyser business.

(189C)

Gentech chairman Peter Watt said trading had been affected by poor production at the Isithebe refrigeration plant and the non-recurring start-up cost of the Hoover operation

A rationalisation of Isithebe had resulted in an almost complete production stop and the retrenchment of more than half the labour force.

The group had integrated the sales, service and distribution of KIC and Hoover which would result in cost savings.

It had also re-evaluated the needs of the emerging mass consumer markets in SA and the subcontinent with a view to extending and adapting the group's range.

Loss of import surcharge hurting machine industry

189c CT(BR) 20/7/95

BY FRANÇOISE BOTHA

STAFF WRITER

Cape machinery manufacturers have voiced their disapproval at the scrapping of the import surcharge on capital and intermediate goods, saying they can no longer compete on the local market

Following the upswing in demand for South African fruit and wine, orders for processing and bottling equipment had increased by more than 40 percent

Local machinery manufacturers had, however, not been able to take advantage of the growing market because of competition from cheaper imports

"The Dutch government, as part of its export drive, is subsidising equipment for the export market by 30 percent

"On these terms, local producers cannot compete," said Richard Watermeyer, the managing director of Packshed Automation and Vizier, manufacturers of electronic sizing machines used in the fruit industry

In addition, many local machine producers were using components that were either not available, or could not be produced in South Africa

"The duties of 100 percent that apply to the import of these components are way too high and are adding substantially to the price of our products," he said

Further criticism stemmed from the damage caused to local job creation by cheap imports

"We are trying to create jobs in this country. So the abolition of import surcharges does not make sense If this was not the case, instead of employing 40 people, I would probably employ 150 people," Watermeyer said

Cheap imports push white goods makers into the red

ST (BT) 23/7/95

(189C)

BY DON ROBERTSON

MANUFACTURERS of white goods are being squeezed out of the market by imports from Europe in spite of substantial import duties aimed at protecting the industry.

Last week, Barlows Consumer Electric Products (BarCep) announced it was closing two appliance factories, in Kew and Alrode, because of competition from imports landed in South Africa at prices cheaper than the local cost of material. The closures could affect 1 250 jobs.

Ronnie Hermann, chairman of the Domestic Appliance Manufacturers' Association of SA, says most manufacturers are operating at a loss because they have been forced to cut prices drastically to compete with imports.

Imports are expected to increase further when the 15% surcharge is dropped on October 1.

William Lebotschy, BarCep's managing director, says there has been a sharp increase in imports since the lifting of sanctions and attributes local manufacturers' inability to compete to high labour and raw material costs, as well as low volumes.

"A graduate in Hungary, for instance, earns about R1 000 a month while certain materials such as polyurethane foam, thermostats, evaporator panels, some electric motors and some varieties of steel are not available in South Africa," Mr Lebotschy says.

The domestic market for automatic washing machines produced by the four main manufacturers is about 70 000 a year, while a single manufacturer in Europe is able to produce 7 500 a day. At the same time, the cost of local manufacture is increasing, because production has been set up for a bulk market which has not appeared, he says.

To counter the impact of imports, most manufacturers have been buying products from countries such as Turkey, Italy and Germany for local distribution.

Mr Hermann says despite duties of 30% on washing machines and twin tubs, 28% on stoves, 25% on refrigerators and freezers and 20% on tumble driers and dishwashers, imports are still landed at below the cost of local manufacture.

The market for electric appliances is worth about R1,2-billion, of which R850-million is manufactured locally. Imports are expected to rise further when the surcharge is dropped, although the expected deterioration of the rand should act as a counter.

A spokesman for Univa says there are no plans to scale down production, but the company is feeling the pinch.

Univa will benefit from the RDP and the electrification programme by producing cheaper products.

Ross Heron, Defy's managing director, says imports are causing concern, putting prices under pressure and reducing margins but "we haven't yet fallen out of the tree".

As a result, some products have been increased in price by only 2% or less at the wholesale level over the past three years.

Defy has a market share of about 30% and this volume has allowed it to maintain a strategic manufacturing position.

COMPANIES

Unrest deepens Gentech deficit

(189c) BD 11/10/95

Adrienne Giliomee

LABOUR unrest in KwaZulu-Natal and delays in commissioning new capital equipment pushed appliance manufacturer General Technologies further into the red with a R13,6m (R2,5m) deficit before exceptional items for the six months to August.

Loss per share showed a corresponding increase to 23,9c (4,9c). The interim dividend was passed.

Gentech chairman Peter Watt said the distinct reduction in consumer demand for certain domestic appliances had caused local producers to fight for a share in a smaller market to the detriment of margins.

Problems also had been encountered with high warranty claims related to Hoover product lines produced before the acquisition.

He said profit was further squeezed by the influx of low-cost branded and non-branded imports, which had edged out certain products which were manufactured locally.

The scrapping of import surcharges and the proposed reduction of import duties for domestic appliances would further exacerbate the situation.

Watt said the industry failed to understand why it should be penalised in this way, especially when trading partners overseas levied GATT-related import duties He said Gentech should return to profitability through focusing on its management structure and product range.

Turnover rose 21,5% to R188,4m, while net interest paid increased 174% to R3,9m compared with the previous half-year (R1,4m). The operating loss surged 830% to R10,3m (R1,1m).

Randgold scheduled to sell off subsidiary shares

Michael Urquhart

RANDGOLD is scheduled to sell up to 20% of its stake in West African exploration subsidiary, Randgold Resources, overseas in a bid to place a value on the mineral rights, which are rapidly becoming the company's main assets.

Randgold exploration head Mark Bristow said yesterday the placing would also raise money which could be used to fund further exploration on its west and east African targets.

Randgold would not disclose what it was aiming to raise from the placing, but market estimates put the total mineral rights at $100m.

Bristow said the placement would be across a spectrum of investors in North America and Europe, and would be a foreign currency placement.

Randgold had about 77 targets in 7 000km² of mineral rights in West Africa and Tanzania, and the money raised could be used to take these projects forward.

Bristow said the long-term objective was to take Randgold Resources public.

Randgold's previous partner in one of the projects — the firm Newmont Overseas Exploration — pulled out last month because its expertise lay elsewhere. The move gave Randgold greater flexibility on the developments as Newmont had forfeited its preferential rights to participate in other West African projects.

Meanwhile, Randgold chairman Peter Flack said one of the mining house's SA mines, Durban Deep, planned to come to the market to raise R81m sometime in the second half of November.

The money raised would be used to repay the R17m still remaining from the R36m borrowed last year to pay retrenchment costs and help fund the mine.

The remainder would be used to modernise Durban Deep plant and to fund development

Competition 'to boost Nampak'

BD 11/10/95

Yuri Thumbran

NAMPAK would benefit from increasing competition among soft drink manufacturers which was pushing up demand for packaging, said Tempora chairman Robin Hamilton.

Tempora had bought 5,8-million shares valued at R101,7m between June 30 and October 4 in Nampak.

Toco buys 70% of Inn Group

(189c)

Beatrix Payne BD 14/11/95

INDUSTRIAL machinery group Toco had bought 70% of unlisted engineering and machinery group Inn Group Holdings for R15,2m, Toco joint MD Michael Todd said yesterday.

Payment would be in Toco shares at 375c a share, which was at a considerable discount to forecast earnings, he said. The share closed at 360c on the JSE yesterday.

The purchase price was based on Inn Group's expected net taxed profit for the year to March 1997.

"If a higher level than warranted is achieved, payment to the vendors will be adjusted accordingly," he said.

Initial settlement of R4m would be through the mid-December issue of additional Toco shares, while the balance of about R11,2m would be released through various equity issues over the next three financial years.

Inn Group operates through divisions in the fields of capital equipment for the automotive refinishing trade, rivets, general engineering tooling and safety equipment.

He said this was the first time Toco had taken less than 100% in a local acquisition, and was the start of future partnerships and strategic alliances.

Inn Group management would remain on the board as executive directors and no staff changes were likely.

The purchase would have little effect on Toco's short-term performance but would complement its existing operations in the long term.

The deal was retrospective from April 1 and Inn Group's contribution to earnings since then would be included in Toco's interim results to September, due for release in the next few weeks.

He said another acquisition was in the pipeline, but gave no further details. Recent reports speculated that the group intended to enter the information technology industry and could be considering acquiring privately owned Pinnacle Micro.

Bell reports stronger demand for its products

(189C)

Nicola Jenvey BD 17/11/95

DURBAN — Materials-handling equipment manufacturer Bell Equipment improved attributable earnings 38% to R13,6m in its maiden six months to end-August, amid growing demand for its full product range, CE Gary Bell said yesterday

Earnings a share for the group, which listed on the JSE on May 24, rose to 22c from 15c No interim dividend was declared, in line with group policy, but preferential ordinary shareholders received a pro rata dividend of 5c for the period March 1 to April 30 in terms of a capital restructuring before the listing

Bell said turnover grew 29% to R311,7m (R240,7m) as demand for the group's products strengthened on local and overseas markets, while improved margins due to successful management intervention pushed operating income up 60% to R25,6m (R16m)

Net finance costs edged up to R5,4m (R4,9m), leaving pretax profit 83% higher at R20,2m

Taxes under the general export incentive scheme (GEIS) pushed taxation to R6,4m from R1,1m, while after-tax profit was R13,8m (R10m) Outside shareholders' interests amounted to R195 000 (R115 000)

Legal action had been instituted against the group in the US for compensatory and punitive damages arising from an accident in which it was involved, he said. However, any amount for damages made against the group would not materially affect future results

MANUFACTURING - BASIC METALS (189A)

1995

JANUARY — MAY

Une analyst ...

Aluminium pact to cut volume 'under pressure'

BDS/1/95 (189A)

MARCIA KLEIN

A PACT limiting the production of aluminium was under significant pressure from a US antitrust body and major aluminium fabricators, analysts said yesterday.

Yesterday aluminium was quoted at \$1 977 a ton on the London Metals Exchange (LME), just off the November 1994 high of \$2 001,5 a ton and almost 80% higher than a year ago

In November 1993 prices on the LME were at an eight-year low of \$1 065 a ton The current trend places the price well above estimates that aluminium would fetch \$1 650 a ton between 1995 and 1996

But analysts warned there could be some downward pressure on the price, dictated to a large extent by an agreement between aluminium-producing nations

They said the Memorandum of Understanding, signed by the six main aluminium-producing nations last year, was under significant pressure from two sides — the antitrust division of the US justice department, and the major aluminium users, can and automotive manufacturers

In terms of the agreement, the global oversupply of an estimated 2-million tons a year would be reduced through less output Signatories include the CIS, the US, Canada, the European Union and Australia

An analyst said the question was "whether the mutually agreed cutting of production is sustainable The temptation would be to break the pact and produce more to take advantage of high prices"

Consumption was growing and stock levels had been coming down significantly since the agreement came into place, the analyst said Increased production could see supply and demand coming in line with one another

It was believed that Billiton (wholly owned by Gencor) and Alusaf (48% owned) were low-cost producers Analysts said Gencor stood to benefit as rising cost structures of major world players (particularly the CIS) made them uncompetitive and unable to increase production rapidly

One said that about three years ago, the CIS was dumping the equivalent of 11% to 12% of western world consumption Now, it was incapable of producing these surpluses Its importance in the international arena was expected to decline, while that of low-cost producers Alusaf and Billiton would increase

Hulett plans extension to its aluminium plant

(189A) . BD 11/1/95

MICK COLLINS

NEGOTIATIONS regarding the R1,4bn Tongaat-Hulett extension to its aluminium extrusion plant were under way and an announcement could be expected early next month, sources said yesterday.

A spokesman for Hulett Aluminium said talks with Alusaf and offshore interests were currently being held and a certain degree of finalisation was near.

US firm Fluor Daniels had undertaken a feasibility study on the aluminium-rolled products expansion for Hulett's Maritzburg plant. A R2,2m grant by the US Trade and Development Agency was used to finance the study.

If approved, the project would increase the plant's capacity from 45 000 tons to 150 000 tons a year

An analyst said Hulett would look to enter a joint venture with one or two overseas partners. The advent of Alusaf's Hillside smelter would be good for the new project as it would mean a steady supply of aluminium ingots at competitive prices.

Ingots were used as raw material in Hulett Aluminium's value-added rolling and extrusion processes

One industry source said the project could be viewed as one of the first to come through after a Minerals and Energy policy discussion document was released last year Although not official ANC policy, the draft was released after a NUM-sponsored conference in November and was said to be the basis for much of government's future industrial strategy.

The document recommended that local industry be encouraged to add value through tax breaks and capex write-offs

It said qualification for tax concessions and finance for beneficiation projects should be given advantageous domestic pricing, such as export parity prices for local fabricators

The document also recommended that due to long lead times to earnings, tax breaks be given to make large beneficiation projects viable. "Features of the current tax regime applicable to capital expenditure for gold mines in which capex tax credits may be brought forward in their entirety with a consideration for annual inflation, should be extended to cover mineral beneficiation projects"

The draft called on the state to take steps to lower economic and fiscal uncertainty and permit long-term planning to be undertaken — crucial for large beneficiation projects.

By lowering the risks in launching the projects, the returns sought by finance houses and other capital providers would be lowered and financing costs reduced

It also recommended that, through the Department of Trade and Industry and the Industrial Development Corporation, the state support downstream industries able to exploit the opportunities created by the availability of competitively priced inputs from beneficiation projects

The document also said local fabricators should not be disadvantaged through oligopolistic pricing of inputs and SA's distance from alternative suppliers

Iscor moots rights issue to fund plans

BD 11/1/95 (189A)

MICK COLLINS

STEEL producer Iscor, which requires R1,25bn to fund recently announced projects, is to discuss a possible rights issue with its major shareholders.

MD Hans Smith said yesterday the steel conglomerate would make a formal announcement within the next few weeks on the equity issue and other possible ways of funding the projects.

Iscor would also take a 50% shareholding in a 100 000-ton-a-year stainless steel billet plant in Durban to exploit the long products market. The venture would need a fixed capital outlay of R80m and would be sited at the McWillows factory in Durban. Smith declined to disclose the identity of the other shareholders.

Projects already announced included a 50% shareholding in a R3,6bn steel mill at Saldanha Bay (a joint venture with the Industrial Development Corporation); the R100m conversion of the Pretoria Works to a stainless steel operation; the R177m acquisition of Tosa Seamless Tubes from Dorbyl; and the R40m acquisition of the remaining 50% of Cullinan Refractories.

"Based on the individual feasibility studies, indications are that the projected internal rate of return for these projects should amount to 12,5% after tax in real terms," Smith said

The proceeds of the equity issue would not be used to redeem debt, but to encourage growth. Debt would be redeemed out of the operating cash flow of each particular business. "We have laid down strict guidelines in respect of Iscor's future funding strategy The debt as at December 1994 will be repaid over the next three years, after servicing all maintenance capital and productivity improvement capital relating to current operations."

Debt would not be a permanent part of Iscor's funding structure and funds borrowed for a specific project would be based on a realistic repayment programme which took all risks into account.

☐ To Page 2

Iscor

(189A) BD 11/1/95

☐ From Page 1

In a preview of half-year results to December, Smith said earnings should again reflect substantial growth for the period compared with the corresponding period in 1993 The improvement in cash flow in the six months was expected to exceed the R401m in the previous full financial year, despite the negative effect of the Newcastle blast furnace burn-through.

"Our expectation that earnings for the next two financial years will improve is based on the domestic economic recovery and higher demand for steel during 1995 and 1996 The reconstruction and development programme will fuel steel demand for infrastructural and housing applications. We also expect export markets for all Iscor products to remain buoyant.

"Focus on cash management, cost containment and productivity improvement programmes are part and parcel of Iscor and this will continue to enhance the quality of earnings," he said.

Market sources said the equity issue would be well supported as Iscor had put a lot of "spade work" into local and overseas road shows. Also, the removal of restrictions on foreign shareholdings should make the offer attractive to overseas investors.

Iscor plans to raise R1,25bn

(189A)

CT 11/1/95

By AUDREY D'ANGELO
Business Editor

A RIGHTS issue is among options currently being considered by Iscor to raise R1,25bn. The money is needed to fund its share of projects including the Saldanha smelter.

Announcing this yesterday MD Hans Smith stressed that "the proceeds of an equity issue will not be used to redeem debt but to fund growth.

"We are talking to our major shareholders about funding and will make a formal announcement within the next few weeks on the equity issue and other possible ways of funding these projects."

In addition to a 50% shareholding in Saldanha Steel, projects already announced include the conversion of the Pretoria works to a stainless steel operation, the acquisition of 100% of Tosa Seamless Tubes and of Cullinan Refractories, and a 50% shareholding in a Durban stainless steel billet plant.

Smith said indications were that the projected internal rate of return for the projects combined should amount to 12% after tax in real terms.

Analysts say prospects for Iscor are good in the coming year as the worldwide recovery pushes up demand for iron and steel

Capital needed for projects

A statement issued by Iscor yesterday said earnings for the six months to December 31, 1994, which will be announced soon, should again reflect substantial growth compared with the corresponding period in 1993.

"The improvement in cash flow in the half-year is expected to exceed the R401m obtained in the previous full financial year, despite the negative effect of the Newcastle blast furnace burnthrough," Smith said

He said the company expected improved earnings for the next two financial years based on the domestic economic recovery and higher demand for steel.

Strict guidelines in respect of Iscor's funding strategy had been laid down. The current unspecified debt as at December 1994 would be repaid over the next three years after servicing all maintenance capital and productivity improvement capital relating to current operations.

Debt would not be a permanent part of Iscor's funding structure and funds borrowed for a specific project would be based on a realistic repayment programme taking all business risks into account.

Jacques Pickard of the Johannesburg office of Davis, Borkum, Hare said Iscor shares, which traded yesterday at 467c, were "coming up towards a truer reflection of their value but are still under-valued by the market".

It was an impressive company with "a lot of integration sitting in the system".

It was one of the biggest coal mining companies in SA "bigger than Gold Fields of SA coal division It sells coal to Eskom, and produces its own coke."

It was one of the biggest exporters in the world, selling iron ore and steel to many countries, and had zinc interests

And it had a very efficient marketing operation

David Sylvester of the Cape Town office of Frankel, Pollak, Vinderine, said Iscor was a cyclical share subject to quite big swings. "It was 60c not awfully long ago."

It still had a lot of small shareholders and was very tradeable, with large volumes changing hands. "It is attractive in terms of what it is doing to beneficiate stainless steel.

"Steel is on the uptrend and Iscor is marketed well overseas"

Business Report

Base metals should see another good year

(89A) CT 11/1/95

Own Correspondent

LONDON. — Base metals are in for another hot year of rising but volatile prices as strong physical demand combines with investment dealing by international commodity funds.

A survey of 1995 forecasts by 16 analysts at metal trading firms, research companies and investment houses — published in the Financial Times — shows that average prices this year will show gains of between 17% and 35%

This follows the sharp recovery of 1994 during which the average price of lead rose by 34%, aluminium 30%, copper 26%, nickel 20% and zinc 4%.

Alec Gordon at the Economist Intelligence Unit believes there will be shortage of nearly all base metals trade on the London Metal Exchange (LME) and prices will swing widely

"This will be good news for speculators but bad for producers and consumers, for whom volatility turns the serious business of production into a gamble."

And most analysts are nervous about how commodity funds will affect the market after a year in which investor-buying produced a doubling of the aluminium price — for example.

"At this stage of the economic cycle we ought to get excited about prospects," said Michael Cook, chief economist at Outokumpu, the Finnish metals and mining group.

"But there is need for caution. If the funds decide they have had enough of commodities and give up their positions in copper, there is a danger that people will look at zinc and nickel and we could see a solid downward move in prices

"I don't think the funds are in the metals market for the long-term, certainly not in the volume they are now — not with interest rates rising."

Jim Lennon of Macquarie Equities thinks that "when US growth starts to slow and the bond market starts to rally, this could be the signal for funds to switch out of metals."

Prices are still below the highs of the previous boom and last year's rally was from a depressed base of historically low inflation-adjusted levels

In 1988 nickel quadrupled to nearly \$24 000 a ton, the highest price ever paid for a ton of metal on the LME, copper touched \$3 702/t and aluminium peaked at \$4 300/t while zinc reached \$2 138/t in March 1989

■ ■■■

No analyst is prepared to suggest these levels will be seen again in 1995, although some feel copper could briefly challenge \$3 700/t before mid-year.

At Hambros Securities, Chris Pearson believes the huge amount of infrastructural investment in south-east Asia will see demand bring down copper stocks from the equivalent of five weeks' needs to three weeks's consumption.

He does not believe increases in mine capacity in the second half of 1995 will have an immediate effect

"These are capacity increases not supply increases"

Iscor cutting costs at Cullinan

STAR 18/1/95 (169A)

Iscor is to slash the payroll costs of recently acquired Cullinan Refractories, now known as Iscor Refractories, by 25 percent and other costs by 10 percent to restore it to acceptable profitability levels

Managing director Brian Aslett says that while there is no intention of cutting production, drastic measures are needed to reduce costs

He says employees affected will be offered a number of options, including early retirement or, where possible, transfers to other Iscor centres

"We will also look to increase sales by 10 percent, return to forecast yields in the plants and eradicate all unprofitable processes and systems"

All expenditure not contributing to an improvement in the company's financial postion will be stopped, he says

Aslett has informed company employees of the seriousness of the financial position and has asked them for their support and for ideas to save money and improve efficiency

"We are a major exporter of refractories worldwide and will strive to improve our competitive position

"We will continue to be the preferred supplier of refractories to all Iscor steelworks, he says — Business Staff

Aluminium shortfall comes home

277 (189A)

ST(BT) 22/1/95

By CIARAN RYAN

LOCAL companies face a four-month delay for aluminium supplies as demand for the metal, spurred by global economic recovery, is running at an all-time high.

The spot price for aluminium nudged $2 155 a ton this week, nearly double its October 1993 low of $1 040, in the face of a sharp correction in last year's oversupply.

The delays have drawn criticism from the National Independent Employer Association of South Africa, which claims domestic consumers are being sidelined because general export incentive scheme benefits make it more attractive for suppliers to export than sell to the local market. Geis is due to be phased out this year

"Orders normally taking three weeks to fulfil are now taking four to five months," says Robbie Kleinot, the association's vice-chairman

"Many local firms have come to a standstill as a result of the artificial shortage created Consequently, some firms closed earlier than usual over the Christmas period, while others are considering closing permanently As aluminium exporters receive huge export subsidies, it is not surprising that they do not give a damn about the local market. This is the cause of the local shortage."

Tony Paterson, executive director of the Aluminium Federation of South Africa, says the delays are not unique to South Africa. "The average worldwide delay in meeting orders for semi-processed aluminium is 18 weeks The shortage is created by growing demand, coupled to depleted buffer stocks as companies sought to improve working capital management."

Dr Paterson says there is no Geis benefit on primary aluminium exports, and only 5% on semi-processed exports "This is hardly an incentive to export. In addition, there is a worldwide 20% to 30% price differential between local and export markets, so it is more profitable to sell to the domestic market "

The reason for the current high aluminium price is the agreement ratified last year by Western countries and the former Soviet Union, in the face of a record low price for the metal, to reduce primary supply by 1-million tons in an effort to remove a glut from the market

"The subsequent depletion of aluminium stocks was exacerbated by financial institutions which took out options on the physical metal," says Dr Paterson. "The net result of these actions was to reduce the effective available stock of metal to a level which forced prices upwards."

Mr Kleinot says tariffs ranging from 15% to 25% on semi-fabricated aluminium imports and shipping delays discourage local companies from sourcing supplies overseas. Dr Paterson says a 15% tariff is charged on primary aluminium, and around 25% on semi-processed aluminium, but these are due to fall in line with South Africa's commitment under the general agreement on tariffs and trade.

"Local companies would face the same delays sourcing aluminium overseas as they do here," says Dr Paterson

"It is an awkward situation, aggravated by the fact that local aluminium companies are operating at capacity and cannot produce more, while the country's sole smelter, Alusaf, is committed to supplying export markets until September this year because of agreements entered into when prices were much lower and demand was slack."

Dr Paterson says the high aluminium price may encourage owners of mothballed plants to recommence operations

Macsteel 'to sue CSIR' as joint project falls through

MARCIA KLEIN (189A)

STEEL company Macsteel is suing the Council for Scientific and Industrial Research (CSIR) for R260m for loss of profits, Engineering News reports. BD 24/1/95

According to the publication, the new products division of Macsteel Commercial Holdings will claim that "the CSIR supplied technology which is not working as promised". Arbitration would begin with a preliminary hearing in Johannesburg next month.

The CSIR has filed a counter claim that Macsteel prematurely terminated a joint development project.

The publication said a joint venture, in which Macsteel held 90% and the CSIR 10%, was formed in 1991 to market a product which removed "noise" or interference which affected results of geophysical exploration.

Macsteel had invested R7,5m, R1,25m of which was taxpayers' money, in the project. The R1,25m formed part of a R2m non-repayable grant allocated by the Trade and Industry Department.

The joint venture had been cancelled on the advice of Macsteel's lawyers Engineering News quoted Macsteel directors as saying that the international exploration community was initially excited by the CSIR's algorithm technology. But "experts later agreed that the concept was not marketable in its present form and would require significant additional development".

Better results expected from steel companies

(18917)

BD 30/1/95

MARCIA KLEIN

SA's major listed steel companies, reaping the benefits of better prices and improved local and international demand, are expected to report significantly improved earnings when they publish results within the next few weeks

Amic's Highveld Steel & Vanadium will soon report final results

Iscor and Consolidated Metallurgical Industries (CMI) will publish interim figures

Analysts said steel production and consumption had increased and prices had been rising steadily as international economies picked up

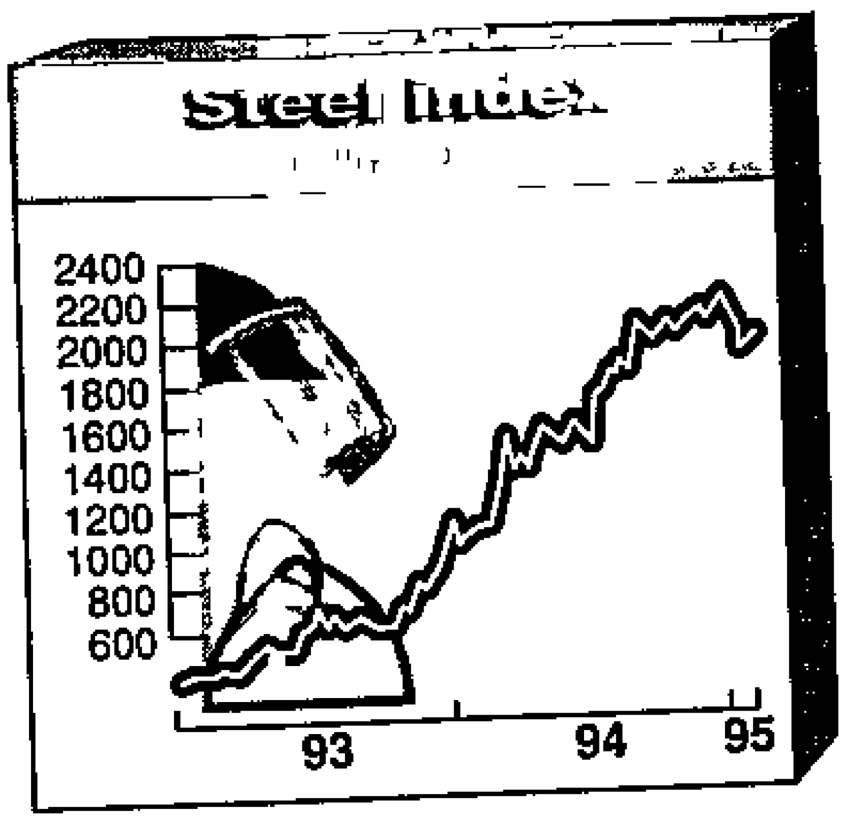
Share prices in the sector had also been rising in the past year in anticipation of better results

Northern hemisphere economies were starting to pick up and local demand was starting to improve, but only marginally

Analysts expected Iscor to report earnings of around 20c in the interim period to last month from 11,5c a share reported at the December 1993 interim stage

Some analysts were expecting earnings to be as high as 30c at the interim stage

They said the increase would



largely reflect price improvements in the export market and the benefits of a cost-cutting programme

One analyst said product prices had gone up 20% to 25%

Rationalisation over the past year would have its full effect this year, and costs were expected to have increased only 10%

At the June year-end, Iscor's earnings were 27,3c (15,1c) a share

Analysts said they expected the company's full year earnings to be anything from 40c to 60c

Most of the analysts were expecting growth to be slightly slower in the first half than in the second, as prices were expected to continue to rise during the year

One pointed out that cash flows had improved dramatically, and this would obviously benefit Iscor at the interest level

While prices were up, and Iscor was selling more steel, the rand had not weakened as much as had been anticipated

MD Hans Smith has already indicated that interim earnings would show substantial growth as it derived some benefit from its focus on cash management, containing costs and productivity improvement

The improvement in cashflow in the six months would exceed the whole of the previous financial year

Iscor expected earnings for the next two years to improve on the back of a domestic economic recovery and higher demand for steel

Analysts were also expecting Iscor to announce details on how it would raise the R1,25bn it needed to fund its projects

Highveld Steel & Vanadium was expected to report higher earnings on the back of improved plant utilisation and product price

CMI would benefit from a more buoyant ferrochrome market

This growth was expected to continue for two years as the ferrochrome price steadily increased

The steel and allied index ended 1,7% or 33,5 points up at 1 920 on the JSE on Friday

Iscor's best price skips local market

(189A)

ST 22/1/95

By CIARAN RYAN

STEEL consumers in the Western Cape will derive little benefit from the R3,6-billion steel mill being built at Saldanha Bay by Iscor and the Industrial Development Corporation

They will have to continue purchasing and transporting steel from Iscor's Vanderbijlpark mill — paying up to R150/ton in transport costs — as virtually all Saldanha Bay output is earmarked for overseas markets By locating the new export mill at Saldanha, Iscor saves on transport costs from the Reef.

Iscor managing director, Hans Smith, says the Saldanha Bay mill was justified on the basis that all output would be exported and the local market would continue to be supplied from its existing operations

"I do, however, envisage we will meet some local demand from the Saldanha Bay mill We are considering establishing an industrial village at Saldanha Bay for those who want to manufacture for export, and we plan to supply these companies from the new mill"

The recently announced megaproject has been criticised by the Graduate Staff Forum, comprising 40 mainly black professional staff at the IDC, for creating only 600 jobs at a cost of R6-million each

The GSF is also critical of the IDC's support for capital-intensive projects, such as the Saldanha Bay steel mill, which create few jobs and tie up huge resources which could be better used to promote broad-based industrial development

The project, which will produce about 1,25-million tons of hot rolled coil a year, is due to get under way this month It will come on stream in three years

Head of the Independent Wire Converters Association, Robin Bosomworth, says the Western Cape is a relatively minor market for steel "The more important question is whether the Saldanha Bay mill will result in the creation of a local steel-producing industry

"Iscor, as a private company, is free to sell to whom it chooses If we start dictating who companies should sell to and at what price, this is interference in the free market Iron ore at Saldanha Bay must be among the cheapest in the world and it makes sense to beneficiate this for export, rather than exporting the ore"

Both the Saldanha Bay and upgraded Vanderbijlpark mills will generate billions of rands in foreign currency each year, one of the principle reasons for the IDC's participation in the Saldanha Bay project.

Mr Smith says Iscor's so-called two-tier pricing system — where domestic consumers pay up to 40% more than overseas consumers — is more theoretical than actual

"All over the world margins are better in the domestic market than they are in export markets. Markets determine prices, and when we sell to the export market, we sell at the prevailing price, as we do in South Africa The duty on steel imports is 5%, which is low by world standards, so there is nothing to stop people buying their steel overseas

"Those who argue that we should provide steel at lower prices to the domestic market in order to promote economic activity are arguing for socialism. As a private sector company, we are obliged to operate in the best interests of our shareholders"

Iscor almost doubles its interim profit

Star 2/2/95 (189A)

■ BY DEREK TOMMEY

Iron and steel giant Iscor reports that it almost doubled its profits in the six months to December

This news should gladden the hearts of its 150 000-plus ordinary shareholders and possibly help contribute to the reversal in the general slide in industrial share prices

Predominantly foreign selling knocked industrial share prices by 11 percent in January.

But Iscor's good results — which show that substantial industrial profits are now being made in SA — could have encouraged yesterday's buyers

Some brokers claim that Iscor is a special case

But even if the results from other industrial firms are only half as good as those from Iscor, they will be still showing exceptional profits

Iscor's figures accompany an announcement that it is going ahead with its rights issue to raise R1,25 billion for new projects

Full details of the issue will be announced in just under two weeks' time on February 14

The R1,25 billion is needed to finance its 50 percent shareholding in the Saldanha Steel project, for the conversion of the Iscor Pretoria works to a stainless steel operation, for the acqusition of control of Tosa Seamless Tubes and Cullinan Refractories and for its 50 percent interest in a stainless steel billet plant in Durban

Iscor says in the rights issue announcement that when figures are finalised, earnings will be not less than 15c a share

This compares with the equivalent of 8,2c for the same period last year

The year-ago figure is a little lower than previously published because Iscor has changed its tax policy and is now accounting for deferred tax on a fully comprehensive basis

Net positive cash flow in the six months amounted to R600 million

This, together with the positive cash flow of R401 million in the 12 months to June last year (its first positive flow since 1989), enabled it to fulfil its intention stated 18 months ago of reducing debt by R1 billion

The company continues to have considerable small shareholder support

When it went public in 1989, some 250 000 individuals subscribed for its R2 shares It still has more than 150 000 of them on its books

Their faith in the company seems likely to be rewarded

Some brokers believe Iscor's share price might even double this year

Iskor confirms steel plant plan

CT 2/2/95 (189A)

By MELANIE GOSLING

ISKOR plans to go ahead with a R3,6-billion steel plant at Saldanha Bay despite the concerns of the Minister of Environment, Dr Dawie de Villiers, that there has been no proper investigation into alternative sites

Iskor spokesman Mr Neels Howatt said yesterday "We are going ahead We did feasibility studies on siting the plant at Saldahna Bay, Sishen, Port Elizabeth and Newcastle and it was proven that Saldanha Bay was the best site

"But we are still considering various sites within Saldanha Bay itself and no final decision has been taken on that"

Dr De Villiers has asked the Council for the Environment, which advises him, to review the CSIR's environmental impact assessment of the development

Minister asks for review

Department of Environment spokesman Mr Wynand Fourie said yesterday the minister's major concern was that there had been no proper investigation into alternative sites

The council, to which Iskor is due to make a presentation today, would probably appoint a group to investigate the project thoroughly, Mr Fourie said

He said Saldanha Bay had been earmarked for industrial development over 25 years ago

"Meanwhile the West Coast has become a popular tourist point Values have changed It is possible that 20 years ago Iskor would have been welcome Now people frown on it because obviously a steel factory near to a national park is not aesthetically pleasing," Mr Fourie said

The project, which will produce one million tons of hot rolled steel a year with a commercial value of R1 000 a ton, will create 600 jobs in the plant and another 6 000 to 1 200 in support services

Mr John de Klerk, town clerk of the West Coast Peninsula Transitional Council (formerly Saldanha Bay-Vredenburg municipality) said yesterday the site for the plant was being rezoned from agricultural to industrial Objections have to be in by Monday

"I have received no written objections so far," he said

Iscor's interim profits soar

(1894)

CT 2/2/95

BY DEREK TOMMEY

JOHANNESBURG [illegible] Iron and steel giant Iscor [illegible] that it almost doubled [illegible] profits in the six months to December.

This news [illegible] of its 150 000-plus ordinary shareholders and [illegible] reversal in the general [illegible] industrial share price.

Predominantly [illegible] knocked industrial [illegible] 11% in January.

But Iscor [illegible] show that substantial [illegible] its are now [illegible] would have encouraged [illegible]

Some brokers [illegible] special case.

But even if the results from other industrial firms [illegible] as those from Iscor [illegible] still showing exceptional [illegible]

Iscor's [illegible] nouncement that it [illegible] with its rights issue [illegible] R1,25bn for [illegible] project.

Full details of the issue [illegible] nounced in [illegible] me on February 14.

The R1,25bn [illegible] 50% shareholding in the Saldanha Steel project, for the conversion of the Iscor Pretoria [illegible] quisition of control of [illegible] ness Tubes and Cullinan Refractories [illegible] its 50% interest [illegible] billet plant in Durban.

Iscor [illegible] rights issue announcement that [illegible] s are finalised [illegible] less than 15c a share.

The company [illegible] of 6,2c for the [illegible]

The year [illegible] little lower than previous [illegible] Iscor [illegible] not accounting for [illegible] fully comprehensive [illegible]

[illegible] six months [illegible]

The [illegible] ve cash flow of R401m in the 12 months [illegible] last year (its first positive flow since 1989), enabled it to fulfil its intention stated 18 months ago of reducing debt by R1bn.

The company continues to have considerable [illegible] support.

When it went public in 1989 some 250 000 individuals subscribed for its R2 shares. It still has more than 150 000 of them [illegible]

Their faith in the company [illegible] is likely to be [illegible] rded.

Some brokers believe Iscor's share price might [illegible]

De Villiers concerned at Iscor plan

CT 3|2|95

(189A)

CT3/2/95

Staff Reporter

THE Minister of Environment Affairs, Dr Dawie de Villiers, has expressed fears that Iscor's R3,6 billion development could have a major impact on Saldanha Bay's environment

"The announcement by Iscor at the end of 1994 of the proposed steel plant at Saldanha Bay has drawn considerable reaction from environmental conservation bodies A plant of this nature and scale can have a huge impact on the environment

"In accordance with my responsibility as Minister of Environment it is essential that I evaluate the objections to the potential negative consequences on the environment," Dr De Villiers said

Because of this he had urgently requested the Council for the Environment to evaluate the negative environmental impacts and to advise him accordingly

"The council will study all available information and consult all interest groups The results of the investigation will be considered and if further steps are necessary, these will be taken in conjunction with Iscor and the provincial government," Dr De Villiers said

Iscor has said they plan to go ahead with their steel plant, despite the concerns of the minister

The plant will produce a million tons of hot rolled steel a year and create 600 jobs in the plant and another 600 to 1 200 in support services

(189A)

ISCOR

FM 3/2/95

Going for broke

With the first major contract for Iscor's new R3,6bn Saldanha steel mill expected to be awarded soon, the depressed Cape west coast is girding itself for a boom

About 4 000 people will be employed on the project during its three-year construction after which the mill will provide 600 permanent jobs And another 1 200-1 800 new jobs could be created in the region if the mill contracts out support services A significant upturn is also forecast in the retail, property, accommodation and secondary industry sectors in the Saldanha-Vredenburg area

The impact could be similar to that experienced by Mossel Bay during construction of the Mossgas facility when 16 500 workers flooded into the town

Iscor spokesman Ernest Webb-Stock says a contract for an air separation unit which will supply oxygen, nitrogen and argon to the plant will be awarded soon Bids have come from SA Linde, Air Products, Afrox and Air Liquide The main contract for the mill will be awarded later this year Contenders are European companies Voest Alpine Industrial, Austria, Danieli, Italy, and Schloemann Siemag and Mannesman Demag, Germany

The plant is scheduled for completion early in 1998, after which it will have an annual production capacity of 1,2 Mt of hot-rolled steel coil which has the potential to earn for Iscor R1,6bn The plant will use 1,7 Mt of Sishen iron ore and will burn Witbank steam coal

Port manager Danie Barnardo says Portnet plans to invest R263m in infrastructure and equipment to meet Iscor's needs The 250 m general cargo quay will be extended to 550 m with a further extension to 885 m a possibility The civil engineering work, which will create about 200 temporary jobs, is expected to be awarded to Transnet's construction division Protekon

Barnardo says Portnet will have increased its 305-strong staff by about a third by the time the planned extensions become operational The new posts will be mainly for skilled and semiskilled personnel, recruited locally The Saldanha area is already benefiting from about 350 new jobs created by Anglo American's Namakwa Sands project which has been in operation for about six months ■

Demand for ferro-chrome brings turnaround at CMI

~~2BAA~~ (189A)

Star 3/2/95

■ BY DEREK TOMMEY

South Africa's ferro-chrome industry is suddenly booming.

A surging worldwide demand for ferro-chrome, which is used in the manufacture of stainless steel, and a serious shortfall in Russian supplies, have led to a significant turnaround in the ferro-chrome market.

From a position of over-capacity six months ago, there has been a swift move to a position of tight supply, says Sandy Wood, chief executive of Consolidated Metallurgical Industries (CMI).

The first effect of this situation has been to boost CMI's sales volumes in the six months to December by 30 percent and sales values by 52 percent to R180 million

Operating profit jumped nine-fold from R1,9 million to R18,2 million, and a loss of R3,8 million before tax a year ago has been converted into a profit of R10,7 million

Attributable income for the six months is R5,4 million A year ago the company had a deficit of R9 million

World stainless steel production last year confounded the forecasters by growing an estimated 9,7 percent to 12,7 million tons instead of the expected 6 percent to 11,7 million tons

Meanwhile, a slump in supplies of chrome ore from Kazakhstan has resulted in ferro-chrome producers who use this ore being unable to meet delivery schedules

CMI recently re-opened the fourth of its five furnaces and will restart its fifth furnace later this month

Reflecting the tight market situation, the contract price of ferro-chrome has been rising, gaining one US cent a pound in the December quarter and is expected to rise by another 2c to 4c a pound in the June quarter

Further price rises are possible as there have been reports recently of spot prices as high as 63c a pound

Current contract prices are 50c a pound in the US, 58c to 50c a pound in Europe and 46c a pound in Japan

Allan Kuhnert, marketing director of CMI, says he expects tight conditions to continue

Stainless steel production growth is good, in line with strong world economic indicators

Stainless steel scrap supply is unlikely to increase

Supplies of ferro-chrome from East European countries are unlikely to reach 1993 levels again

And most of the traditional suppliers are currently at or near capacity

Wood says the company is expecting a better second half and is planning to resume dividend payments

Samancor (189A) BD 7/2/95

☐ From Page 1

cost increases. Increased demand had enabled the company to operate all its facilities close to capacity since August. "This and rigorous controls resulted in unit cost increases being contained."

Income before abnormal items rose 35% to R149,5m (R110,3m). But a R53,9m abnormal profit in the previous financial year resulted in a 9% decline in attributable income to R149,5m (R164,2m).

Higher operating income and refinancing of short-term offshore liabilities — through the issue of $100m 7% convertible bonds — saw net cash resources rise to R613m (R372m) If the bonds were treated as long-term debt, gearing was 20%.

Income from associates improved to R19m (R13m), largely on the back of income from offshore ventures. The contribution from Columbus Stainless Steel, in which Samancor has a 33,3% stake, fell marginally The Columbus expansion project was 90% complete and within budget, and Samancor was increasing ferrochrome production to meet the expansion Salamon expected a material benefit from Columbus to flow through in 1996/97

He said the sound operating performance and good balance sheet enabled Samancor to declare a 20% higher interim dividend of 30c (25c) a share. Almost all businesses had operated better at the bottom line. Results reflected "a pleasing improvement, particularly in the chrome division which had started to see the benefits of various strategic alliances".

The company expected second-half earnings to exceed those of the first. Chrome, which contributed 47% of turnover, would show an improvement in price and volumes, while manganese should at least maintain its contribution.

Samancor in two major joint ventures

(189A) BD 7/2/95

MARCIA KLEIN

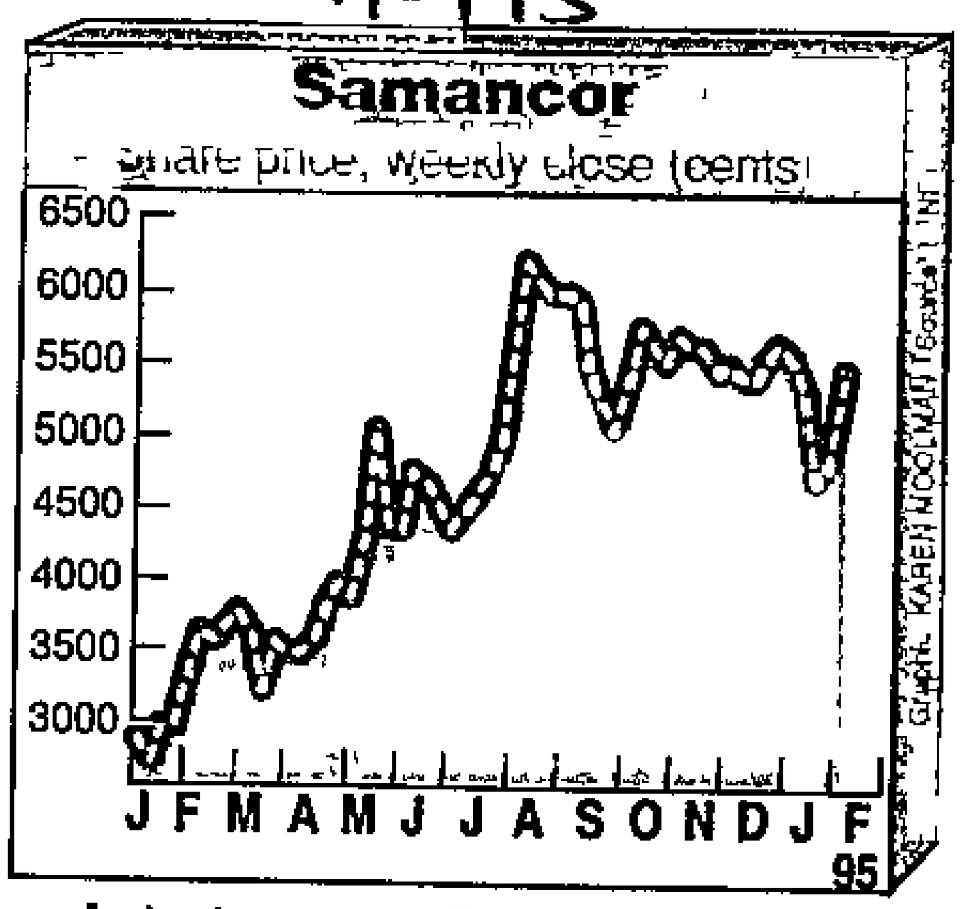
FERROALLOYS producer Samancor reported sharply higher operating results for the six months to December yesterday and announced two major joint ventures

Samancor and Japanese company Showa Denko KK (SDK) have reached an agreement which is expected to result in significant Japanese investment.

Executive chairman Mike Salamon said SDK's production of low carbon ferrochrome and related special grades would be transferred to Samancor's plant at Middleburg Ferrochrome

While Samancor would contribute its plant, SDK would provide technology, knowledge, capital, and marketing in Japan. Samancor would have a 65,5% share and management control. Salamon said they expected to formalise agreements by the end of next month, when it should be possible to give financial details. The operation would start soon thereafter.

In the second venture, Samancor would use Anglovaal's Lavino chrome mine to exploit its own adjacent chromite reserves. Samancor would have a 77% stake and management control.



Salamon said improved sales volumes saw Samancor's turnover rise 28% to R1,2bn (R971,2m). Average sales prices were lower than the previous year, but this was offset by the better volumes, a more beneficial exchange rate and containing

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COMPANIES

Alusaf is 'sold out' of aluminium, says MD

(189A) BD 9/2/95

MARCIA KLEIN

IN ADDITION to long-term contracts to supply half of the Alusaf Hillside smelter's 466 000-ton capacity, Alusaf now had a number of medium-term supply contracts and was "essentially sold out" of aluminium in the near term, its MD Rob Barbour said yesterday.

But it was struggling to meet its June start-up target date because of a tight construction schedule, handing over of facilities and equipment from the construction to operational teams and a disruptive week-long strike at the beginning of this year.

Alusaf was "sold out" after providing for expected growth in the local market with Tongaat Hulett's new rolling mill and Murray & Roberts' new wheel alloy plant.

"The rapid rise in the aluminium world price, spurred by an apparent shortage of the metal, has stimulated considerable interest in the availability of the metal from the new smelter. We are turning people away."

Hillside would produce at full capacity by the end of 1996. This would be in addition to the 170 000-ton capacity at Alusaf's Bayside smelter

Alusaf had made a commitment to its investors — Gencor has a 48% stake, and the Industrial Development Corporation 34% — that it would list on the JSE, but it would only do so after starting up.

"The decision will be made by the shareholders and not by Alusaf," Barbour said

He said the design and procurement of equipment and contracts were essentially done, and construction of the smelter was more than 70% complete.

"Construction managers are discussing recovery programmes with contractors, and at this time we are still targeting the first metal in June However, to be realistic we must recognise there is little slack in the programme. Nevertheless, the June target date is already five months ahead of the original schedule."

Further savings meant the project was R1,2bn under the R6,3bn budget.

All essential raw materials contracts for pitch, coke and alumina were in place and ships were currently "steaming to Richards Bay with start-up raw materials"

Massive sell-off depresses prices Star 9/2/95

Still more stick for base metals

(189A)

■ BY NEIL BEHRMANN

London — Base metals prices are crumbling under the weight of large-scale sales by commodity, hedge and pension funds.

A brief rally on the London Metals Exchange (LME) earlier this week was soon followed by another slide

Brokers fear that fund managers are beginning to panic Moreover, banks have also become involved in the base metals market

Some financed the huge stockpiles on the LME Others issued warrants, a type of long-term option to buy or sell base metals at a specified price over a defined timescale

During periods of volatility such as the present, banks are forced to liquidate metal holdings to cover the issuance of warrants

Frank Lucas, manager of Roskill Consulting, a London-based consultancy, estimates that the amount invested by funds, banks and other institutions in metals and steel has shrunk to around R67 billion from around R78 billion at the peak of the market

Other analysts contend that the collapse of metals under fund management was from a peak of R89 billion

"Shrewd fund managers invested in base metals when prices were depressed late in 1993 and since December have been taking profits," says Lucas

"Yet there were funds that invested at much higher prices and it is possible that some of these managers are worried about potential losses "

Base metals prices peaked at the end of January, less than a fortnight ago

Yet from its high of $10500 a ton, nickel has slid 19 percent, lead 18 percent from $713, tin 17 percent from $6695, zinc 15 percent from $1237, aluminium 9 percent from $2195 and copper 8 percent from a peak of $3075

Speculators

These are huge falls on commodity markets, particularly since investors and speculators place only small margins or deposits to buy or sell metals futures and options

A move of only five percent can wipe out capital invested in futures and options On the other hand, fortunes were made in 1994

Some analysts fear there are similarities to last year's global bond market collapse

In 1993, funds and banks bought bonds and added to their risks by buying financial derivatives

Their sale in 1994 caused the worst bond market collapse in decades

"The base metals market is threatening to be similarly vulnerable," says Jim Lennon, London-based analyst at MacQuarrie Securities

Funds and banks, making use of metals futures, options and warrants, drove prices way past expectations, he says Now the market is turning, fund managers are becoming jittery

Yet there is a major difference between international equity and bond markets and metals, says Lennon

Funds have found that the LME is much less liquid than global bond and equity markets.

They are thus finding it far more difficult to offload positions. This is the reason why metals such as nickel, tin and lead have tumbled by a greater extent than the much larger markets for copper and aluminium.

SA mining companies and other producers will see a drop in revenue after a windfall in the final months of last year

The price declines, however, will be a relief to the motor, construction and durable goods industries

These users were caught out by a speculative metals boom which lasted through most of 1994

Better margins give lift to Haggie

Star 10/2/95 (189A)

■ BY CHARLOTTE MATHEWS

A sharp increase in operating margins after a turnaround at Consolidated Wire Industries (CWI) and the copper-based products division saw Haggie lift earnings 74 percent to 312,3c a share in the year to December, compared with 1993.

On a mere 13 percent rise in turnover to R1,4 billion, margins surged to 7,6 percent from 4,6 percent previously Net interest payments declined slightly, but there was a R19,5 million tax liability, against 1993's R1,5 million tax credit

Attributable earnings rose 74 percent to R60,9 million, while extraordinary expenditure on discontinued operations fell to R590 000 from R8,8 million. The total dividend for the year is 50 percent better at 150c.

Group MD Chris Murray says the improvement arose mainly from higher domestic demand, improved performance by all 10 subsidiaries and the favourable effects of rationalisation in 1993

While operating profit is expected to improve in 1995, expected higher interest and tax charges should see little earnings growth

ISCOR (189A)(...) FM 10/2/95

Timing dilemma

In retrospect, the R1,25bn rights issue announced last week couldn't have come at a more sensitive time With the market behaving unpredictably — it has fallen sharply, bounced back, and is in the course of another downward move, all since early last month — Iscor CE Hans Smith is faced with a series of potentially limiting problems

The need for the rights issue is born out of the steelmaker's new projects, which together are expected to demand peak funding requirements of between R1,25bn and R1,5bn First on the list is the proposed Saldanha Steel carbon replacement project to be undertaken with the IDC at a cost of about R3,6bn However, this is substantially reduced by S37E tax credits of more than R1bn, apparently the last project to be granted this facility

At the same time, Iscor is galloping ahead with its conversion of the Pretoria mill from carbon to stainless steel production at a capital cost of R100m Concurrently, the company is taking on a micro stainless steel project in Durban with an international partner (R80m), is buying Tosa Seamless Tubes from Dorbyl (R150m) and Cullinan Refractories for R80m (including loans) The bill for these projects is, therefore, pretty steep

Last year, Iscor's outstanding interest-bearing debt was about R2bn, an amount which left everyone, Smith included, somewhat uncomfortable It led Smith to announce that debt retirement was his absolute priority And he has succeeded to a degree which has surprised even the sceptics Despite the Newcastle works accident, which cost about R400m, Iscor's debt has been rolled back by probably about R1bn

Given that the company is now riding the crest of a commodity boom, it is reasonable to presume the balance will be taken out over the next financial year This emphasises the nature of commodity-linked companies like Iscor when things are good, they are very, very good, when they are bad, they are horrid

But Smith's problem next week is different it is how to price the rights issue, in which the lead underwriter is investment trust Genbel Smith has visited most of Iscor's major institutional holders, they have indicated — but haven't committed — their support If the market slides into a deep trough, it may be enough to see that indication evaporate The alternative is that Smith may have to peg his offer price at a level he finds unacceptable and that could invite a postponement instead

Interestingly, Iscor has the largest shareholder base of any SA company — probably about 200 000 investors That explains the need for underwriters and the opportunity it presents Genbel CE Anton Botha says he anticipates taking up about R150m of the issue and will go as high as R250m if necessary But he emphasises that Genbel's role is being underpinned by many institutional subunderwriters It is certainly as clear an indication as any of Iscor's substantial support base in the market

David Gleason

Iscor's Smith *now to set the price*

Shares pitched at 55c below market price Star 14/2/95

Iscor sets rights issue

(189A)

SHAREHOLDERS will be able to subscribe for 18 new shares for every 100 they hold.

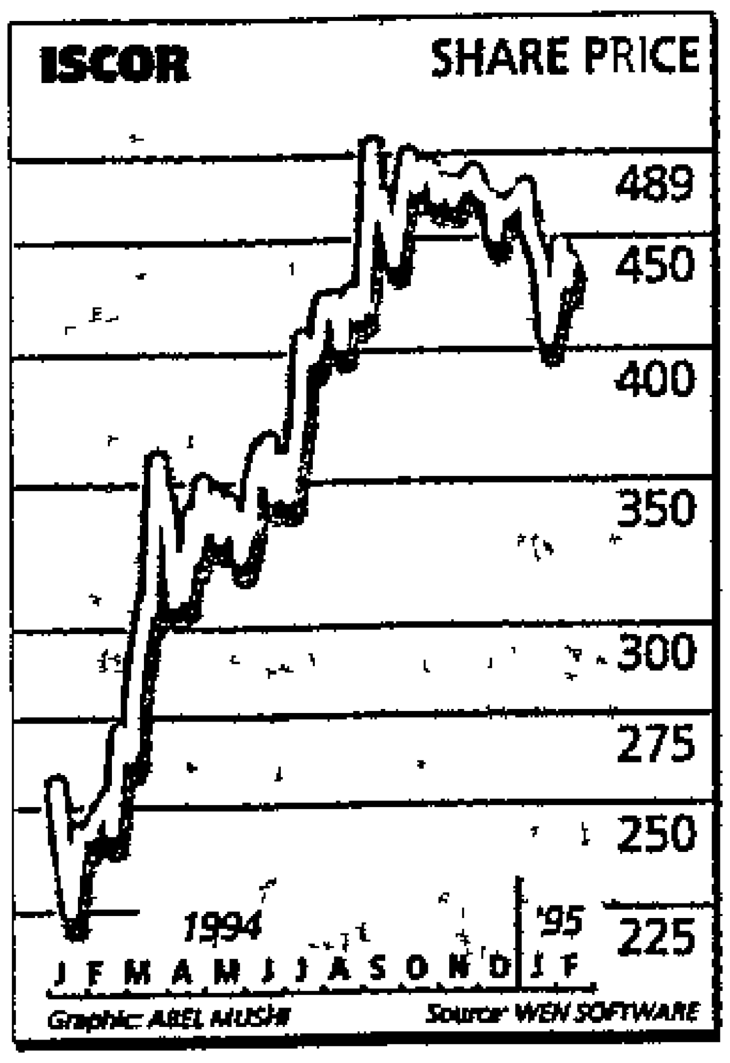
■ BY CHARLOTTE MATHEWS

Iscor has priced its R1,3 billion rights issue at 380c a share, 55c below yesterday's closing share price of 435c, ensuring active trade in the nil-paid letters

According to a statement released with the group's interim results, shareholders will be able to subscribe for 18 new shares for every 100 held.

As previously reported, the rights issue is intended to finance the R3,6 billion Saldanha Steel carbon replacement project, which is a joint venture with the Industrial Development Corporation (IDC), the R100million conversion of the Pretoria mill to stainless steel production, a micro stainless steel project in Durban and the purchases of Tosa Seamless Tubes and Cullinan Refractories

Interim figures from the group are in line with the indication made at the beginning of February, when Iscor announced its intention to proceed with the rights issue



Although turnover rose only 9,4 percent to R5,4 billion, operating profit soared 44 percent to R548 million.

On the back of a R632 million positive cash flow, the group was able to reduce net borrowings to R1,1 billion, in line with the target set for the 18 months to December

Ratio

This was reflected in a R43 million drop in financing costs to R114 million.

After a rise in current tax to R64 million (R14 million) and deferred tax to R77 million (R52 million), attributable earnings were R293 million (R158 million.

Earnings a share climbed to 15,3c from 8,2c.

Capitalisation shares in the ratio of 1 for every 100 shares held or a cash dividend of 4c a share are being offered to shareholders.

The capitalisation award is equivalent to about 4,4c a share at the current share price

Iscor MD Hans Smith said yesterday the improvement in results showed the recovery in domestic and international steel markets, coupled with the group's focus on cost containment, productivity improvement and cash management.

A divisional breakdown shows that turnover of the mining division was R1,3 billion from R1,1 billion in 1993, on which operating income was R249 (R195) million, showing margins at 19 percent from 17 percent.

The improvement was despite a 5,2 percent fall in dollar terms in the average lumpy iron ore price.

Margins in the steel division rose to 7,2 percent from 4,9 percent on turnover at R4,5 million (R4,1 billion) and operating income of R320 million (R205 million)

This was achieved despite the negative impact of the Newcastle blast furnace burn-through, currently the subject of a dispute with the insurers against whom Iscor said it had instituted legal proceedings

The insurers are a consortium led by Guardian National.

Total steel sales volumes showed growth in local sales to 57,2 percent of the total from 48,3 percent in 1993

Exports dropped to 42,8 percent of the total from 51,7 percent previously

Market

Smith said growth in the local steel market was expected to increase and remain strong in 1995.

"The outlook for the international steel market remains positive •

"An increase of 9,9 percent in the international price for lumpy iron ore has been concluded from April 1 1995"

Smith said earnings for the second half of the financial year should continue to show a significant increase over the same period in 1993/94

Strong cash flow helps Iscor cut debt

(189A) BD 14/2/95

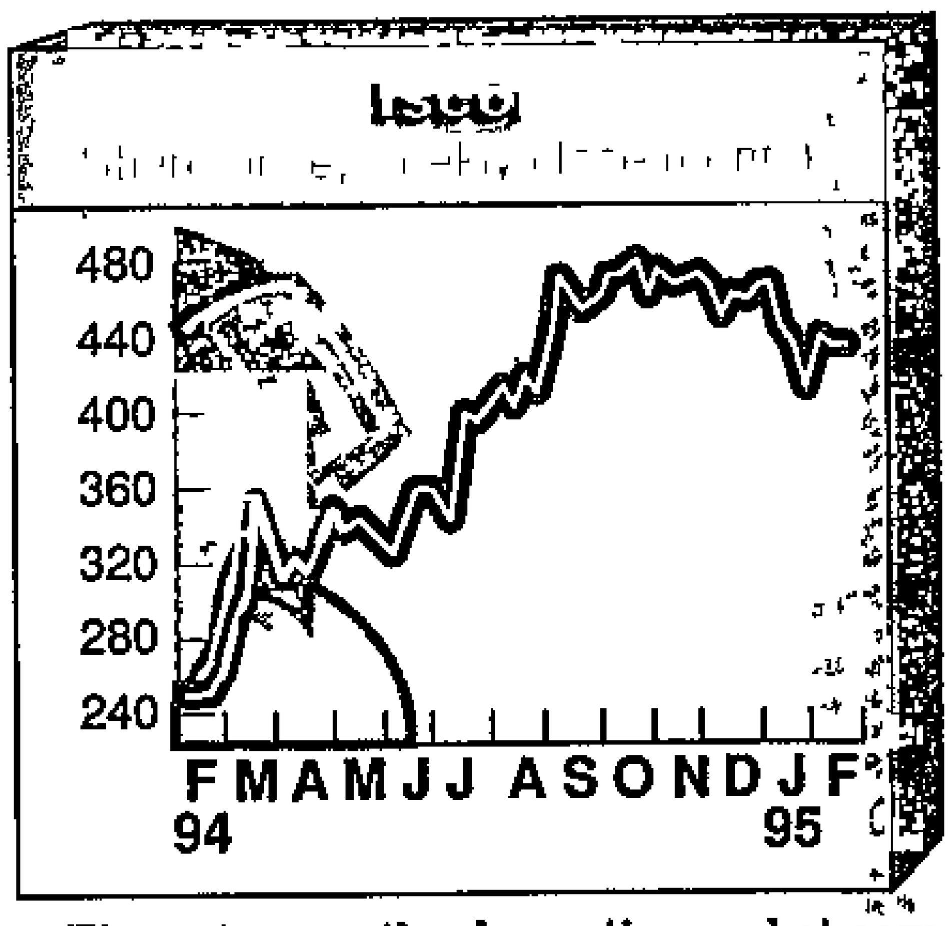
MARCIA KLEIN

RECOVERIES in the local and international steel markets helped Iscor record an 87% increase in interim attributable income to R293m for the period to December This translated into earnings of 15,3c (8,2c) a share

MD Hans Smith said yesterday he was particularly pleased that Iscor had met its debt reduction target despite the Newcastle blast furnace burn-through, which had cost the group about R400m Positive cash flow had enabled Iscor to reduce borrowings by R632m to just more than R1bn

Group turnover rose 10% to R5,4bn (R4,9bn) and operating income was 44% up at R548m (R381m).

Iscor, for the first time, gave an indication of divisional contributions The steel division reported turnover of R4,5bn (R4,1bn) Despite the effect of the Newcastle burn-through, operating income at the division grew 56% to R320m (R205m). Legal proceedings had been instituted against the insurers.



The upturn in the domestic market saw local steel sales grow to 57% (48%) of steel sales volumes. Turnover at the mining division was R1,3bn (R1,2bn) Operating income rose 28% to R249m despite the 5,2% decrease in the average lumpy iron ore price in dollar terms.

Smith said the recovery in the group's

☐ To Page 2

Iscor

(189) BD 14/2/95

From Page 1

markets was "coupled to the continued focus on the fundamentals of our business of cost containment, productivity improvements and cash management to enhance earnings growth".

Lower interest charges enabled Iscor to lift pre-tax income 94% to R434m (R224m) But a higher tax burden — including the change to the comprehensive method of accounting for deferred tax — saw taxed income increase 85% to R293m (R158m)

An interim dividend equivalent to 4c (3,24c) a share was declared. To preserve cash resources, shareholders were offered a share alternative in the ratio of one new share for every 100 held

The board approved a rights offer of about R1,3bn to fund a number of projects, including a 50% holding in the R3,6bn Saldanha Steel project, the R100m conversion of the Iscor Pretoria Works to a stainless steel operation and the R177m acquisition of Tosa Seamless Tubes Shareholders would be able to subscribe for 18 rights shares for every 100 held at an issue price of 380c a share

Smith said the international market for steel was strong An increase of 9,9% in the international price for lumpy ore had been concluded from April 1. Local demand had increased beyond expectations and growth was expected to remain strong. Earnings for the second half would continue "to show a significant increase" on year-earlier figures.

Iscor posts massive jump in earnings

(189A) CT 14/2/95

PRETORIA — Iscor yesterday reported attributable earnings up a massive 86,6% to R293m and a positive cash flow of R532m for the six months to December.

"This recovery is coupled to the continued focus on the fundamentals of our business of cost containment, productivity improvements and cash management to enhance earnings growth," MD Hans Smith said

The Iscor board again elected the allocation of a share capitalisation award in the ratio of one new fully paid up ordinary share for every 100 ordinary shares held Shareholders could elect to receive an interim cash dividend of four cents a share for the interim period.

Iscor's positive cash flow enabled the steel producer to reduce net borrowing by R632m to R1 086m, achieving the R1bn debt reduction target set for the 18-month period to December

For the first time Iscor reported the major divisional contributions to the group's performance The turnover figures included intergroup sales The mining division had a turnover of R1294m (R1146m) and an operating income of R249m (R195m) for the six month period This was 28% higher than the previous period despite the decrease in the average lumpy iron ore price of 5,2% in dollar terms

The steel division's turnover rose from R4 137m in 1993 to R4 464m while its operating income increased from R205m to R320m despite the negative impact of the Newcastle blast furnace burn-through

"It has become important for Iscor to focus on growth for its shareholders by investing in world class projects," Smith said Iscor's board had approved a rights issue for approximately R1,3bn to specifically fund these projects Iscor would offer its shareholders the right to subscribe for 18 rights shares for every 100 held at an issue price of 380 cents a share — Sapa

Iscor pitches issue at 380c

Business Staff (189A) ARG 14/2/95

JOHANNESBURG — Iscor has priced its R1,3 billion rights issue at 380c a share, 55c below yesterday's closing share price of 435c, ensuring active trade in the nil-paid letters

According to a statement released with the group's interim results, shareholders will be able to subscribe for 18 new shares for every 100 held

As previously reported, the rights issue is intended to finance the R3,6 billion Saldanha Steel carbon replacement project, which is a joint venture with the Industrial Development Corporation (IDC), the R100 million conversion of the Pretoria mill to stainless steel production, a micro stainless steel project in Durban and the purchases of Tosa Seamless Tubes and Cullinan Refractories

Interim figures from the group are in line with the indication made at the beginning of February, when Iscor announced its intention to proceed with the rights issue.

Although turnover rose only 9,4 percent to R5,4 billion, operating profit soared 44 percent to R548 million

On the back of a R632 million positive cash flow, the group was able to reduce net borrowings to R1,1 billion, in line with the target set for the 18 months to December

This was reflected in a R43 million drop in financing costs to R114 million

After a rise in current tax to R64 million (R14 million) and deferred tax to R77 million (R52 million), attributable earnings were R293 million (R158 million

Earnings a share climbed to 15,3c from 8,2c

Capitalisation shares in the ratio of one for every 100 shares held or a cash dividend of 4c a share are being offered to shareholders

The capitalisation award is equivalent to about 4,4c a share at the current share price

Iscor's lower debt burden set to boost performance

(189A)

CT 16/2/95

JOHANNESBURG. — Iscor, having met its target to cut debt by R1bn by end-1994, said the lower debt burden would be crucial in allowing it to outperform competitors during slumps in the economic cycle.

"We can never end up in a situation like that again with a lot of debt. We will ensure that, at the bottom of the cycle, we sit with a lot of cash. That's what will allow us to make quantum leaps," financial executive director Louis van Niekerk told investment analysts

Iscor's net borrowings were reduced by R632m to R1,086bn in the six months to December

"We still have R1bn to repay from current operations," he said.

On capex, he said. "We are going to have to spend more, but our projects will be self-financing. We will not spend money for the sake of it."

MD Hans Smith said Iscor management was "focussed on the cyclicality of the market".

"We are looking forward to the goose-pimple period at the bottom of the next cycle, where we can take over those guys that didn't make it," said smith.

On the R1,3bn rights issue detailed earlier in the week, Smith said "it was quite obvious that it was an absolute necessity to get R1,3bn in capital to finance the projects we have."

He said Iscor's equity contribution to the five projects identified to receive funding from the rights issue, would total just under R1,7bn. The extra R400m required would come from current cash flow, he said.

● Meanwhile feasibility studies were progressing well on its Australian Moranbah South coal mine and its mineral sands project near Richards Bay, mining division executive director Ben Alberts told analysts

"Initial indications are that the Australian coal project is viable compared to Iscor norms"

He said the results from the 14 holes already drilled at Moranbah were encouraging, "quality-wise and regarding the thickness of the seams" — Reuter

Iscor takes hard line on Saldanha plant site

1894

ARG 16/2/95

ALIDE DASNOIS
Deputy Business Editor

ISCOR would scrap its new Saldhanha project rather than shift the site of the plant, MD Hans Smith has warned.

Addressing the Investment Analysts' Society in Cape Town, he said "We will not be messed around

"If the government or any political or environmentalist body forces us not to build on that site, we will walk away"

"I won't build a plant where it doesn't make sense for my shareholders," Mr Smith said

The site had been zoned for heavy industrial development in 1980.

Iscor had "followed all the rules" as far as environmental assessments were concerned.

Mr Smith said resistance from environmentalist groups was not about air pollution Emissions would be well within international standards

"We've been told the plant won't look good They don't want a plant 140 storeys high on that site."

Iscor's steel division head Kevin Robertson told the meeting the financing for the Saldanha project was in place, with Iscor and IDC as the major shareholders

Also, the management structure was ready and an order for a R160 million air separation unit had been placed so that Iscor could immediately qualify for tax benefits.

"Everything's ready"

He said Iscor would not consider moving the site of the plant "even 10 kilometres"

Any move would burden the group with significant handling costs

"If we can't build on the site we've identified, close to the harbour, we'll pull out"

Iscor reported an 87 percent increase in attributable profit to R293 million in the six months to December. Net borrowings were reduced by R632 million to R1,08 billion.

The group is offering shareholders an 18-for-100 rights issue at 380c a share, to raise R1,3 billion for the Saldanha project and other expansion

Iscor is this year expecting strong growth in the domestic steel market where margins are stronger than on foreign markets

Mr Robertson said according to Iscor's "realistic pessimistic" scenario, economic growth would peak late this year or early next year

But slacker demand for steel on local markets would be offset on foreign markets

The US market was expected to peak in the second quarter, but prices would not fall below current levels

The European market was expected to peak in the second quarter of 1997 and the Far Eastern market — Iscor's strategic market in the long term — not until the second quarter of 1998

Prices in the Far East were rising faster than predicted.

Mr Smith said Iscor was looking ahead to the bottom of the next cycle

It was crucial for the group to repay its debts in the next three years and to have cash on hand when the cycle bottomed

"That's when there are real opportunities for acquisitions and takeovers"

Improved sales lift Assmang

MADDEN COLE

ANGLOVAAL base metals and ferro-alloys producer Associated Manganese Mines of SA (Assmang) has reported an 18,4% increase in distributable profit for the six months to December after benefiting from improved sales volumes for all group products. 189A

Financial results published today showed that distributable profit of R24,4m (R20,6m), equivalent to earnings a share of 688c (582c), was achieved on a 23% improved turnover of R326,2m. An unchanged interim dividend of 250c was declared

Chairman Basil Hersov said there was an overall improvement in sales and ferrochrome prices increased in the last quarter. But prices for manganese ore, iron ore and ferromanaganese were little changed during the period under review

Net operating profit did not reflect an increase corresponding with turnover, recording a marginal drop to R48,96m (R49,08m) after strict control measures were unable to check lower profit margins on the group's mining activities BD 17/2/95

Margins on alloy production increased from improved smelting efficiencies on ferromanganese production and increased capacity utilisation in anticipation of stronger demand for ferrochrome

Interest paid declined slightly to R1,1m (R1,4m) and taxed profit moved up to R30,3m (R28,6m)

ISCOR/COLUMBUS

(189A) FM 17/2/95

Steel giants prepare for world role

New stainless steel projects are set to turn SA into a major global player within three years and earn billions of rand in foreign exchange

With both the Iscor and Columbus stainless steel projects expected to come fully on stream at virtually the same time, both companies are making strong representation to secure firm forward contracts

"The extent of the South African production of 1m tons must be viewed against total world sales this year of a record 13m tons following a consumption increase of 11%," one analyst says

Timing can be a vital element in the making of fortunes — and the three joint venture shareholders in the R3,5bn Columbus Stainless Steel expansion project (Samancor, Highveld Steel and the Industrial Development Corp) must be wishing that they could have commissioned the 600 000 t/year plant at least six months earlier to take advantage of the current boom in prices

Iscor's planned 480 000 t/year stainless steel slab production facility in Pretoria, set for commissioning in mid-1996 and full production about 18 months later, should give an excellent return on investor funds Its slab product could be sold (at current prices) for about US$1 150/t, compared with the same plant's $300/t gross sales revenue from its former mild steel production

By 1996, says an analyst, a projected $1 200/t slab price, taken at R3,90/dollar, should provide Iscor with an annual R2,2bn cash flow and a possible 15c a share boost — all for a R100m investment (compared with Columbus's R3,5bn)

"It's a very sweet deal, especially when other stainless steel producers are short of melting capacity," the analyst says

During 1994, world stainless steel prices for grade 304 CR sheet increased by about 36% to $2 700/t For this year, a further 6% market growth is predicted, although the bulge of the boom might be over, for now A major reason for the expected end of the price spike is that the speculative bubble, which doubled the nickel price to $10 000/t two weeks ago, seems to be pricked, as fund managers unload the metal on the London Metal Exchange (LME), allowing it to drop by about $1 670/t to $8 330/t — on Monday

Nickel, together with ferrochrome and rare metals like molybdenum, are essential elements of certain grades and types of stainless steel With nickel coming down, analysts say stainless prices should follow suit over the next three to four months, as the effect of lower raw material costs are reflected

For Columbus (which has now increased its previously projected 177 000 t 1995 production to 250 000 t, following the commissioning of its expansion project by the third quarter of 1995), the outlook remains positive, especially with nickel (a major cost component of austenitic stainless steel products) coming down

CE Fred Boshoff says the plant at Middelburg (the largest single-site stainless plant in the world) is 90% complete and the meltshop should cast its first slabs by May The new hot- and cold-rolling mill extensions should be complete by the third

quarter "Optimum production of 600 000 t should be achieved by 1998-1999, making an annualised plant contribution of R2,5bn (in 1992 terms) to the GDP Our base production of hot band product is already committed on medium to long-term contracts and we aim to export about 85% of total production," he says

According to executive chairman Mike Salamon, Samancor's 4% shareholding in France's major stainless steel producer, Ugine, is coupled with a contract allowing Columbus to supply 50 000 t/year of stainless hot band product to Ugine, while Samancor would supply well in excess of 10% of its ferrochrome requirements

Salamon says "We also expect to increase our current 50 000 t/year sales of ferrochrome to Columbus to about 200 000 t/year, on full production With strong global demand growth in the stainless steel market being driven by the automotive and pollution control equipment industries, I expect a much bigger increase in ferrochrome contract prices during the second quarter, especially as spot prices are now about 10c/lb above contract prices Globally, stainless steel demand should grow by at least 3%-5% a year on a long-term basis"

Columbus has a competitive price advantage as it obtains all its ferrochrome from Samancor's plant, which is virtually on site This saves on transport and power costs and Columbus has set itself the target of becoming "the world's most competitive and preferred supplier of stainless and chrome-bearing steels" These include hot- and cold-rolled coil and sheet, slabs, plate and the chrome-bearing 3CR12 special steels

Iscor's GM, profile products, Eric Rautenbach, says depending on market demand, the full 480 000 t/year Pretoria stainless steel slab production could be sent to Iscor's Vanderbijlpark plant where it could be hot-rolled on existing facilities as so-called "black coil" — providing additional gross sales income of about R1 000/t

And, adds Rautenbach, depending on how this plant performs in the market, Iscor would consider moving further downstream into pickling and annealing its stainless product, further adding value — and potential future profits

"The beauty of this project is that we would be mainly using existing plant With the global market now expected to grow by 6%-8% a year, we are bullish about the future"

And, by launching a 100 000 t/year stainless billets plant in Durban at a cost of R90m (shared with a silent equity partner) in the first half of 1996, Iscor would also "wet its feet" in the global stainless market on a much smaller scale, before jumping in with the almost 500 000 t/year Pretoria production

Rautenbach says "The Durban plant can allow us to build up contacts and negotiate prices for stainless steel raw materials as a trial run for the Pretoria plant" ■

PUBLISHING

A week to remember

The fierce battle for control of *Finance Week* is nearing its end but outgoing editor and MD Allan Greenblo could not resist the temptation to fire a parting salvo in the issue of February 9

This in turn has provoked a counterblast from Oshy Tugendhaft, senior partner in attorneys Moss Morris, who acted for co-shareholders and successful applicants

Richard Rolfe and Lynne Hill (wife of London-based financier Oliver Hill)

The meeting of shareholders called for February 6 was adjourned without a vote on the proposal to dismiss Greenblo as MD of controlling company Finance Week Holdings and Ronnie Taurog as chairman But this delay does not mean a change in the intention of Hill and Rolfe to remove Greenblo as editor It is merely to allow time to conclude a comprehensive agreement with Greenblo and Taurog

Rejecting a proposal from Greenblo to value his shares in Finance Week Holdings at R68 each, Hill and Rolfe have offered him and Taurog a modest R1 each for their shares This offer would absolve Greenblo and Taurog of the court-ordered obligation to pay the applicants' substantial litigation costs It would enable them to avoid repaying their own costs, paid on their behalf by the company, and of a large claim which Tugendhaft maintains the *Finance Week* share trust has against them

Meanwhile, former *Finance Week* MD Stuart Murray — Hill's and Rolfe's nominee as acting MD and acting editor — has already taken over the duties of Greenblo, who has left the publication's offices but remains available to help the incoming editorial management

But Greenblo's parting shots have irritated Tugendhaft Far from Greenblo's downfall being the result of defects in the legal system and its reliance on obsolete precedents, as he claims, Tugendhaft says it is caused by Greenblo's and Taurog's manner of dealing with other shareholders

He points out that the judge found that Greenblo and Taurog were in breach of fiduciary duties towards the company

Not only did they conspire to acquire the so-called 702 block of shares in defiance of the articles of association but they also negotiated to sell *Finance Week*, the only significant asset of the company, contrary to requirements of the Companies Act

Greenblo responds that it was envisaged at all times that the *Euromoney* transaction would comply with the Act ■

ALUMINIUM

Hillside hope

FM 17/2/95

Alusaf chairman Fred Roux sees the group going for a JSE listing as soon as the new R5,3bn Hillside plant demonstrates sustainable production and metal prices warrant profitability for shareholders

He also expects Alusaf to show an after-tax profit of R500m-R600m by June 1997 — the first year of full production at the Hillside plant

"World prices should remain firm for at least the next two years," he says

Gencor holds 45,1% of Alusaf shares, the IDC 34,8% and other shareholders 20,1% At listing, Eskom is expected to convert its R300m convertible loan into an 8,22% shareholding, diluting existing holdings Gencor will have 40,78%, the IDC 33,5% and others 17,5%

Roux *bullish on world aluminium prices*

"But it is our impression that Eskom is not a long-term investor and could decide to sell its shares after listing Perhaps the IDC could also be persuaded to reduce its holding," says Roux

Market analysts suggest Alusaf should come to the boards sooner rather than later to take advantage of current high prices

With London Metal Exchange (LME) aluminium prices early this week still hovering around US$1 900/t (nearly double the $1 019/t lows of 1993), Roux is confident prices should at least remain at the $1 650/t (in 1993 terms) average that formed the basis of Alusaf's feasibility calculations for the Hillside plant

Over the past two weeks, the aluminium price has softened as speculative international investors moved out of commodities But lower prices would also help stop a possible move by fabricators out of aluminium into cheaper options such as steel, stainless steel and even plastics

Roux is bullish about prospects for the Hillside plant, which, when it reaches its full 466 000 t/year capacity by June 1996, will push Alusaf's total production to 636 000 t/year or about 3% of world output

He says the timing of the new plant was highly propitious as Alusaf now expects total capex savings on the original costings of the Hillside plant, launched at the bottom of a severe global recession in November 1992, to be as high as R1,2bn The timing of construction (allowing Alusaf to hand-pick contractors and negotiate the best possible deals) contributed about 80% to the massive saving, while economies of scale involved in the double-sized plant made up the balance

With Alusaf expected to contribute annual forex earnings of about R1,5bn from 1996-1997 its expected total R3,5bn annual contribution to the national income should add about 1,2% to GDP growth, estimates Roux That's not a bad potential return on an investment that was seen as decidedly risky when announced

If the rosy prognosis is realised, Alusaf will be able to repay its R2bn in foreign export credit loans from positive cash flows without asking shareholders to help carry the load ■

COMPETITION POLICY

Removing collusion

FM 17/2/95

Legislation which would see damages paid to those harmed by uncompetitive or restrictive practices would be the most effective deterrent to would-be offenders, says Competition Board chairman Pierre Brooks

"Procedurally, our system is poor There's little redress for those who are harmed by anti-competitive or restrictive practices Many have been put out of business because of such conduct"

A deterrent was certainly lacking in the case of furniture removers Sandton Office Removals, Elliot International and Stuttaford Van Lines Each paid a R2 500 admission of guilt fine this month for engaging in collusive pricing — outlawed under the Maintenance and Promotion of Competition Act — that earned them each around R87 000

The three claim they didn't collude on a First National Bank contract but say they paid the admission of guilt fines to avoid lengthy legal proceedings

But the meagre penalties show just how little power the board wields when it comes to enforcing competition policy

Says Brooks "This is a typical weakness of a system that separates the institution that formulates policy from the one that enforces it"

Brooks says the R2 500 fines, the result of bargaining, make a mockery of the R100 000 maximum penalty and/or five year prison sentence provided for by the Act

It's a procedural shortcoming that's likely to come under the scrutiny of the parliamentary select committee presently looking at competition policy

The select committee is also likely to hear calls from business that competition policy is unnecessary Says Brooks "Businesses often tend to take a short-term view that's premised on self-interest rather than on what's good for the whole economy in the long-term Real competition needs to be nurtured and protected to ensure real economic growth"

Brooks would like to see a system that lists, up front, the types of conduct that are anti-competitive or restrictive rather than perpetuate the present system that leaves the board to decide whether certain conduct is inappropriate "Such a list would mean a greater amount of legal certainty" ■

ALUMINIUM

(189A) FM 17/2/95

Hillside hope

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DIAGONAL STREET

Julie Walker

Iscor worthy of world stage

ST (BT) 19/2/95 189A

HANS Smith, the managing director of Iscor, has achieved in 18 months a target he expected would take at least twice as long when he was interviewed for the job

"When I was interviewed, the chairman, Marius de Waal, asked me how long it would take to get the group to this position," Mr Smith this week told the Johannesburg leg of Iscor's international roadshow

"I told him three years, maybe longer," says Mr Smith, a man determined that the mistakes of the past will not be repeated.

"At the bottom of the next commodity cycle we aim to have cash in the bank, not R2-billion in borrowings."

When he took the helm in 1993, Mr Smith's aim was to reduce the borrowings by R1-billion by the end of 1994. The remaining R1-billion should be repaid in 30 months.

In the six months to December, Iscor's net cash flow reached R632-million and earnings a share grew 87% to 15,3c. (If the partial method of providing for deferred tax had been in place, the figure would have been 19,3c against 10,9c last time) A scrip dividend of one share a 100c, or 4c cash, has been declared.

A blast-furnace problem at the Newcastle plant cost R400-million; if and when the insurance settlement is made it will go above the line as an abnormal item.

Iscor's capital projects are estimated to cost R1,7-billion and the group is to raise R1,3-billion in a rights offer of 18 ordinary shares a 100c at 380c — about 50c below the recent market mean. Most analysts say it could have pitched at 400c but Iscor says 380c is a fair price. The projects are estimated to give an attractive 12,5% real return.

Mr Smith says that an 18-month track record of good performance is not yet enough to satisfy the cynics about the long term. However, it is his ambition to see Iscor merit the same ranking afforded Highveld, Samancor and even CMI.

"Iscor's market capitalisation is just over R8-billion but I believe we will get up to Highveld's rating and be worth R15-billion. We won't slip on the way there."

Better prices in mining exports lifted the division's turnover to R1,3-billion and operating income to R249-million. Iscor mines iron ore, coal and industrial minerals. Two projects are under consideration — Australia's Moranbah South coal mine and a mineral sands venture in South Africa.

Steel turnover grew by 8% to R4,46-billion despite lower volume because of the Newcastle hitch. The domestic market was served in favour of the pursuit of exports as demand for pipes, packaging (tin-plate), roofing, steel merchanting and from the motor industry all jumped. Net income from steel grew by 56% to R320-million.

Mr Smith says Iscor is no longer going to be all things to all people and will focus on high value-added products. "If you exchange the sale and export of slab and hot-rolled coil for electro-galvanised and tin-plate product it has a magic effect on margin."

The group is not alarmed about steel imports, which reached 123 000 tons or 3,5% of Iscor's local sales in 1994 It will not discount steel in order to undercut but will sell only at an adequate margin A depreciating rand will work to Iscor's advantage but if the group perceives a major market to be under threat, it will pull out all the stops to protect itself.

The new Saldanha Steel plant is under way, an order for a R160-million air-separation plant has already been placed so that the project can qualify for Section 37E tax allowances. Mr Smith says Saldanha will not really add to Iscor's total steel production but will replace the most expensive 1-million tons of capacity elsewhere with state-of-the-art production.

The conversion of the Pretoria works to a stainless steel plant is under way, tenders are in, raw materials being sourced, a nickel supply hedged and markets investigated.

Downstream integration of the now wholly owned Tosa seamless tube plant at Vereeniging will eliminate the R70/ton cost of feed-stock-railage from Newcastle. Modernisation of the Vanderbijlpark and Newcastle works is in progress and Durban will start to produce microsteel billets next year

After March, the general export incentive scheme will be gone — like apartheid, says Mr Smith — but he is not worried, saying that for every R1 Iscor received under Geis, it relinquished R2 discounting to local buyers manufacturing for export.

Mr Smith and his team embark on their third international roadshow — latest estimates are that 7,5% of Iscor is held offshore.

The share price retreated 15c to 420c after its latest results, but picked up 3c following the presentation Plenty is in its favour, not least an enthusiastic management team.

Follow your rights and stay aboard — Iscor is taking on a world-class aura.

Tongaat's R2,3-bn expansion

The Tongaat Hulett Group has given the go-ahead to two expansion projects worth R2,33 billion.

Speaking after a Tongaat Hulett board meeting yesterday group managing director Cedric Savage said the projects, approved in principle, would significantly enhance the medium- to long-term earnings growth potential of the Tongaat-Hulett Group

The R1,75 billion Hulett Aluminium Rolled Products expansion in Pietermaritzburg would increase Hulett's aluminium division's output of rolled products from 50 000 to 150 000 tons a year

Conditions

"The approval for the aluminium project, of which the Group will hold 50 percent, is subject to certain conditions being met, but we are optimistic that a final decision will be possible in the near future," Savage said

"If the outstanding issues can be cleared to the satisfaction of the Board within the next few months, commissioning of the major project at Pietermaritzburg will take place during 1997 and 1998," he added

Approval has also been given for a new R580 million plant at the African Products' starch and glucose production facility in Gauteng

Savage said R110 million had already been committed for expansion in the 1994/95 financial year — Sapa.

SUGAR (189A) Star 23/2/95

Tongaat-Hulett set for R2bn expansion

(189A)

BD ~~28~~ 23/2/95

MARCIA KLEIN

THE Tongaat-Hulett group will go ahead with two ma[illegible]ion projects totalling R2,2bn.

MD Cedric Savage said yesterday the board had approved, in principle, a R1,75bn Hulett Aluminium Rolled Products expansion in Maritzburg and a R580m expansion of starch and glucose division, African Products, in Gauteng.

Last year the group said it was looking at investing in additional starch and glucose facilities and was spending R12m for local and US specialists to investigate an aluminium hot-rolling expansion. Technology agreements with overseas aluminium operators are already in place.

Approval of the aluminium project, in which Tongaat-Hulett would have a 50% stake, was subject to conditions, including the formalisation of partnership agreements with the Industrial Development Corporation and Anglo American Investment Corporation, and discussions with local and central government authorities.

If outstanding issues were cleared up in the next few months, commissioning of the project would take place in 1997 and 1998.

Hulett Aluminium's output would increase to 150 000 (50 000) tons a year, while its total annual capacity would grow to 200 000 tons.

The increase in starch and glucose production would ensure the group's capacity stayed ahead of demand, Savage said.

Tongaat-Hulett had already committed R110m for expansion of this division in financial 1995 and had approved the new R580m plant to come on stream in 1997.

Initial grind capacity would be 800 tons of maize a day, with the potential to increase to 2 000 tons.

Savage said both projects, which were in addition to existing capex projects in other divisions, "will significantly enhance the medium- to long-term earnings growth potential of the group".

At the September interim stage, the group had committed R286m capex "in reinforcing the competitiveness of core businesses". At that stage earnings were 41% up at 111,3c a share on an 18% turnover rise to R2,3bn. This strong performance was expected to be repeated in the second half to end-March.

Tongaat to go-ahead on R2bn expansion

JOHANNESBURG — The Tongaat Hulett Group has given the go-ahead to two expansion projects worth R2,33bn (B) SUGAR (189A)

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ISCOR

The benefits of privatisation

189A

It's been a rough ride, but the huge rights issue will celebrate its success

FM 24/2/95

By the end of March, Iscor MD Hans Smith will know how successful SA's largest steel producer's R1,3bn rights issue has been Launched at a time of severe market instability, the issue is SA's third largest ever and probably the only big one to have been launched without the support of a major shareholder — unusually, Iscor stands almost alone as an independent industrial giant, outside the umbrella of any SA financial grouping

An issue of this magnitude (380c on the basis of 18 shares for every 100 held and discounting the current price by 11%) illustrates Iscor's progress from fledgling orphan, protected from the chill winds of the economic imperative by the comfort of State control, to one of SA's recent success stories It is also a journey into free enterprise which stands up well to comparisons with other successful conversions elsewhere

Conversion from a government-controlled and superintended body to membership of the private sector was marked by the inability of Iscor's managers to come to grips with the demanding reality of the cash flow Between November 1989 and June 1993, the steelmaker recorded a net outflow of R2bn, all of it met by bank loans. Remarkably, in the 18 months since then, Smith has retired R1bn debt and is intent on redeeming the balance as quickly as circumstances will allow

"The key to our strategy," says Smith, "is that we've accepted Iscor is irrevocably tied to the international commodity cycle, and a specialised part of it at that What drives this company now is solely what the balance sheet will look like at the bottom of the next downturn This is the determinant of every new project we undertake"

Anyone doubting Iscor's new-found acceptability needs only examine the short-term record At end-1992 the market valued Iscor at 61c a share, it's now 425c It would then have been possible for a determined buyer to purchase Iscor outright (on the unrealistic assumption that the shares would have been available) for a modest R1,14bn, compared with the present R8,2bn

In a sense this transformation is encapsulated in the farewell party held on March 31 last year when 3 000 employees, many of them long-serving and all at the point of early retirement, left It was Smith's good fortune to inherit a pension fund hugely over-funded applying conservative actuarial standards, which enabled him to offer generous retirement packages

The effect was startling while Iscor lost a large and important pool of technical knowledge, the compensation was that younger employees were advanced rapidly into senior positions "At least, they knew they didn't have to wait for dead men's shoes," says Smith

And this is Smith's real achievement Previously — and no different from Railways — Iscor was a home for underprivileged Afrikaners, used by successive governments (not only those of the National Party) as a parking ground for otherwise indigent supporters

Sheltered from the real economy by the skirts of the State, Iscor grew a bureaucracy of its own, no less exacting in its rigorous application than the civil service which protected it. It was an organisation in which technocrats reigned supreme, an iron and steel producer run by engineers for engineers. This gave it a unique edge in one area at least: its technical excellence is unchallenged What was lacking, however, was a sense of purpose and an acceptance of the need to compete vigorously in a mature industry

Iscor's Hans Smith *no more featherbedding*

Smith's return to his first home — ironically, he is an Iscor scholar and an Iscor bursary paid for his metallurgy degree at Pretoria University — has changed all that. "The finance department was simply expected to find the money to pay for the capital projects embarked on by engineers Accountants were used as bean counters Well, all that's changed now," says Smith flatly And he means it financial disciplines are now rigorously applied

Of course, all he has done is insist on the use of well understood principles of financial management Budgets are taken seriously, senior managers account for their performance to their peers, not only to Smith and his executive directors Capital projects are held up for financial scrutiny Commonsense has arrived

Such things can't be achieved at the wave of a wand Part of Smith's success is that he has persuaded and cajoled his team that the only way of ensuring survival is to embrace competition Acceptance of this philosophy is now evident in the morale of the company and its combined approach to problem solving

If it is true that, after all their agonisings about assets, reserves and adequate returns, investors in the end buy into company managements, the turnaround at Iscor should give them cause to be thankful

The rights issue, underwritten by investment trust Genbel in association with what is described as "many other parties," comes at an interesting time, as the steel demand/price cycle moves into a distinctly upward phase

Smith expects a net R1,25bn and he intends applying it against a number of new projects However, he is taking these on while he still has outstanding debt of around R1bn, ostensibly a reversal of his earlier policy that he wouldn't ask shareholders for more while loans hung around Iscor's corporate neck

In his defence, Smith points to the real achievement of drawing down borrowings by R1bn over 18 months, a quantum he says would easily have been exceeded had it not been for the blast furnace blowout at Newcastle which set the producer back by somewhere around R400m He is clearly satisfied with Iscor's ability to redeem outstanding debt and is adamant the proceeds from the rights issue won't be applied to this

That would be an old trick, often used to obfuscate real performance "The bottom line," says Smith, "is that we must be cash-flush at the bottom of the next downward phase of the cycle"

Of the new projects, the conversion of the Pretoria mill from carbon to stainless steel production attracts the greatest attention because the comparison with Columbus is so unavoidable Put simply, Iscor will invest R100m to produce about 480 000 t hot-rolled stainless steel slabs a year, the comparison is that Samancor, Highveld Steel and the IDC are investing R3,5bn at Columbus for annual production of 650 000 t, though admittedly of the cold-rolled (and, therefore, premium) variety

Ironically, Smith and Iscor are now benefiting from the technical profligacy of earlier years. The installation of almost all the necessary infrastructure at Pretoria — way ahead of any immediately foreseeable use — means all that is necessary to achieve conversion is the introduction of an argon oxygen decarbonising arc furnace It is a project which has been on Iscor's drawing boards for the past decade

On paper, the project looks very good indeed

However, Rice Rinaldi research partner Mike Wuth believes that while the timing is largely right, the cost is understated "It's not just the R100m capital cost which needs to be factored in. There's also likely to be about R800m in additional working capital On that basis, this is a R900m project"

Second on Iscor's list is the Saldanha Steel project it is undertaking jointly with the IDC at a capital cost of R3,6bn As Smith explains it, he has taken a decision to scale down production at the Vanderbijlpark plant to convert it to a continuous casting operation

Between the changes at Pretoria, where Iscor formerly produced carbon steel slabs and those now envisaged for Vanderbijlpark, Iscor will shed about 1 Mt a year from its carbon steel-making capability Saldanha will replace this

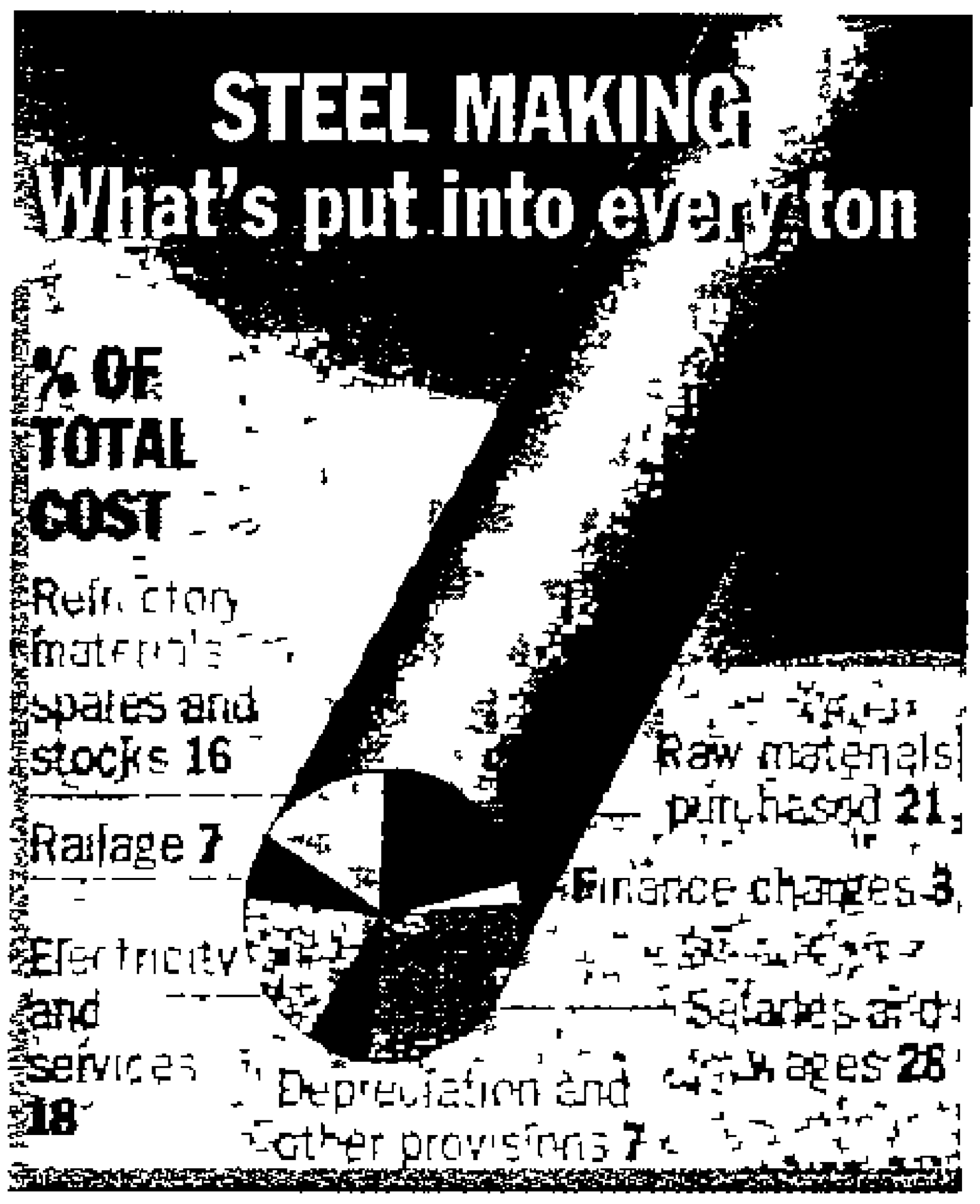
The tricks at Saldanha are that it is the cheapest site available and will employ state-of-the-art technology which will give it an important competitive edge Iron ore from Iscor's Sishen mine already moves by rail to Saldanha for export at the rate of about 17 Mt a year Constructing the plant at Saldanha takes advantage of this infrastructure though Smith concedes bottlenecks on the line will be unavoidable for the time being

However, the area which gives Smith most satisfaction — savings from rail transport aside, which he concedes are very significant — is that applying thin slab casting and continuous hot rolling technologies will enable Iscor to produce coils of below 2 mm as a final product. This is used largely in high value-added products such as white goods manufacture

In a mature global industry which produces 650 Mt of carbon steels every year, it must be unlikely any better outlets or solutions will be found, so Saldanha's physical positioning (at a port) and use of the latest technologies give it, for the time being at any rate, a real competitive advantage

Iscor is also involved in three other projects, all capital hungry The first is its purchase of the outstanding 50% of Cullinan Refractories for R81m, with outstanding loans Smith justifies this on the grounds that between 6%-7% or about R300m of Iscor's costs are accounted for by refractories (and most of these are consumed in ladles carrying molten metal)

Second is the purchase of seamless tube manufacturer TOSA from Dorbyl for R173m including outstanding loans from Dorbyl Smith's view is that seamless tube demand is nowhere near its potential yet The challenge for Iscor is to achieve and sustain the plant at full capacity and a significant cost advantage will be the use of



Iscor Vereeniging (the former USKO steel plant) to cast round billets continuously

Finally, there's the involvement in a R100m stainless steel billets mini-mill near Durban to produce about 100 000 t a year of product (such as sections, bars, rods, angle irons) The cost will be about R90m, of which Iscor will pick up half

This development will leave Iscor in the interesting position of producing stainless steel flats from Pretoria and longs in Durban and raises the possibility of sending Durban's billets to Newcastle for rolling into long products for the domestic market The company resolutely refuses to name its partner in the Durban project, beyond saying it is an international player which is insisting on confidentiality, at least for now

Nor should sight be lost of developments in mining, on which Smith lays some emphasis Last year, Iscor bought full rights to two mineral sands resources which may lead, eventually, to the construction of a smelting and refining process at Richards Bay at a cost of about R600m. That follows the purchase of a share in coking-coal mining at Moranbah, Australia and a dedicated iron ore storage facility at the Qingdao port complex in China

These moves are evidence of Smith's desire to diversify away from Iscor's total reliance on steels, though he accepts the company is locked into the commodity cycle

If this makes Iscor appear a safe bet, investors also need to examine three areas of transparent weakness, the first of which is, of course, the commodity business on which Iscor is almost totally reliant. There should be no misunderstanding of the viciously cyclical nature of the global carbon steel trade and its demand patterns Iscor's strategy of getting loans out of the way and becoming cash positive ahead of the next turn in the cycle is clearly sensible

However, these strictures are not true of stainless steel, which is growing consistently at around 3% annually and is a young, developing industry with a product finding ready and growing acceptance Nevertheless, it is really small beer in a market dominated by carbon steels So a second weakness is that, while Iscor will soon make inroads into this area, investors need to acknowledge its exposure will be very small indeed, and its reliance on carbon steels will remain dominant.

Smith agrees exposure to that cycle is Iscor's Achilles heel "But that's our business, and we have to learn to manage the troughs and peaks better" World markets are out of synchronisation now, making management that much more difficult Smith expects the US market to peak in mid 1996, Europe to last until late in 1997 and Pacific Rim countries to reach their high point in 1998 It is a pattern which holds as many advantages as it does pitfalls

Third, the company is now staffed by a relatively young — and comparatively inexperienced — workforce. This has to be viewed against the political risk which foreign investors attach to emerging markets and the company's poor showing on the international productivity scale: Iscor takes seven to eight man hours to produce a ton of steel compared with Japan's and Germany's four to six hours By comparison, Smith claims Saldanha will come in at one to two hours, making it truly competitive.

These lead to a consideration of Iscor's balance sheet and latest interim results The bottom line for the six months was net attributable profit of R293m compared with 1993's R158m at the same point and full financial 1994's R385m This puts EPS on 15,3c (full year 1994· 20c) and Smith agrees the company is on track for a substantial improvement in the second half That suggests full-year EPS of as much as 40c though some analysts expect even more — perhaps 46c

The balance sheet reflects a strengthening position with long-term loans down at R954m (June 1994 R1,24bn, December 1993 R1,56bn) and net borrowings now stand at R1,1bn

These figures place Iscor on an historical p e of 13,7 and prospective p e (applying 40c EPS) of 10,6. In the circumstances of a fast changing company linked to a cycle which may only peak at the end of the century, it certainly should attract investors prepared to take the risks of a rocket-like ride over the next five years *David Gleason*

Macsteel pumps iron with a US steel giant

(189A) ST(BT) 26/2/95

By DON ROBERTSON

AN agreement signed between the low-profile Macsteel group and America's fifth largest steel producer will add further muscle to the South African company's influence in the international steel market.

The agreement creates a joint venture company owned by Inland Steel Industries of America, Federal Industries of Canada and Macsteel.

Inland Steel will hold 50% of the new Hong Kong-based company IMF Steel, while Federal and Macsteel will each have a 25% stake.

The purpose of the new company is to provide metals, industrial plastics and logistical services to industrial companies throughout the world. Its main focus will be the export of steel products made by Inland Steel.

Macsteel chairman Eric Samson says this new international marketing group will enjoy a "meaningful" share of international steel trade, supplemented by other metals and affiliated products.

A Macsteel spokesman says that, with demand for steel in the US expected to level off soon, Inland Steel hopes to maintain its current level of sales and believes it can do this in the international market.

According to the Metal Bulletin, Inland expects to export more than 1-million tons this year. This compares with current exports by the entire US steel industry of between 3-million and 4-million tons a year.

The Metal Bulletin says that as US manufacturing companies increasingly move abroad they are requesting their steel suppliers to go with them.

Steel-using companies such as Whirlpool, General Motors, Chrysler and Ford, which buy from Inland's service centres, have approached the Inland group to supply steel to their foreign operations.

The Macsteel group, including its international trading divisions, operates in 26 countries out of 60 offices, including its network of service centres in SA, America, Israel and Australia. Its major international trading company — Far East Commodity and Trading (Fecat) — buys and sells steel on all five continents and will be an operating partner of the newly formed IMF Steel.

LETTERS

More efficiency a boost for Alusaf

BD 28/2/95 (189A)

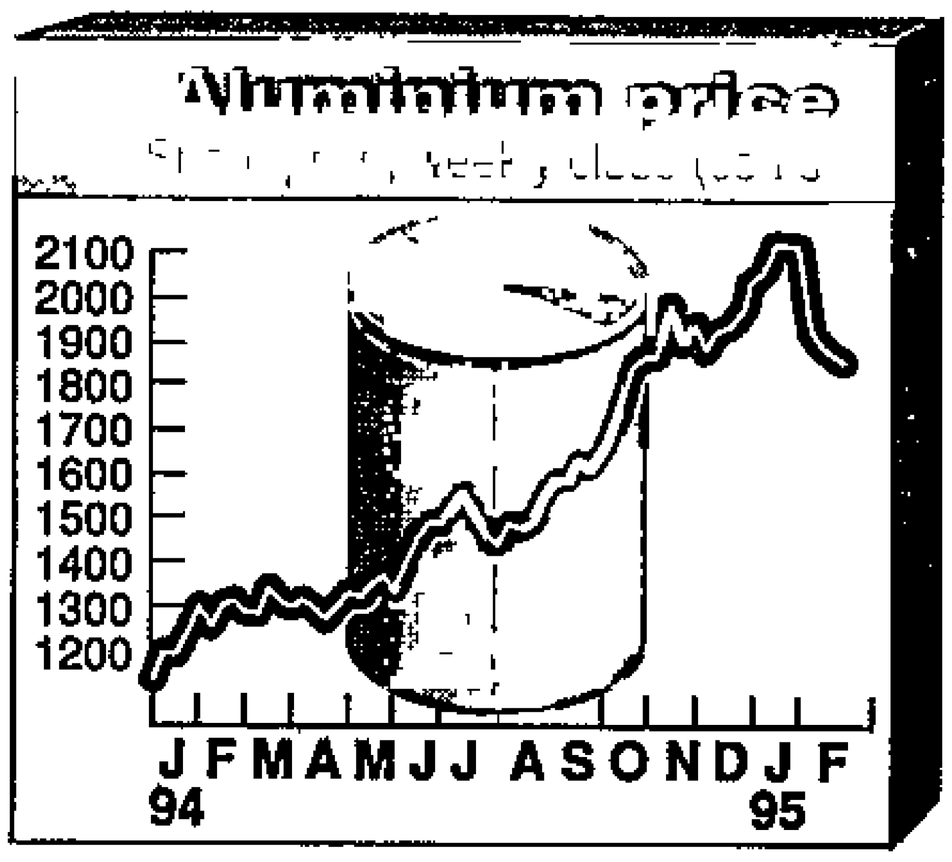
MARCIA KLEIN

ALUMINIUM producer Alusaf yesterday reported a 70% hike in taxed income to R17m (R10m) for the six months to December on the back of improved operating efficiencies at its Bayside smelter and a higher aluminium price.

The company, whose R5bn Hillside smelter is on track to produce its first metal ahead of schedule at mid-year, expected this growth trend to continue in the second half.

Directors said the period was characterised "by a sharply rising" aluminium price on the London Metals Exchange (LME), which averaged $1 665 a ton, 46% higher than the previous year.

Turnover, which was up a third at R501m (R378m), did not derive the full benefit of the higher price. Directors said turnover growth was constrained by Alusaf not being in a position to immediately pass on the higher prices to customers in the local market. As a result, turnover per ton rose only 25%. In the local market — which accounts for nearly 60% of sales volume — the average price increase was just 12%. In future, results should benefit from a revised domestic pricing policy



□ To Page 2

Alusaf

(189A) BD 28/2/95

□ From Page 1

which more closely followed the LME price and the exchange rate.

Operating income more than doubled to R19m (R8m) on the back of operating efficiencies at Bayside. After finance costs of R8m (R1m income previously) and tax, taxed income was 70% up. Earnings were slightly down at 11,6c (12c) a share, and the interim dividend was passed because of the major capex programmes under way.

Construction of Hillside was 72% complete and at least R1,2bn below the initial R6,4bn budget. The lower cost meant the capital cost per ton would be $3 300 a year in 1995 terms, significantly lower than other smelters.

The final R750m tranche of funding was received at end-December. Shareholders, mainly Gencor and the Industrial Development Corporation, had now contributed about R3bn. At Bayside smelter, commissioning of the R275m Potroom A upgrade would start in May.

Alusaf said the memorandum of understanding between major aluminium producing countries and strong demand saw excess stock levels come down sharply. These factors, as well as speculative interest in the market, resulted in a price surge. But it was difficult to gauge whether the higher prices were sustainable, although strong demand would continue.

Aluminium price surge boosts Alusaf profits

(189A)

ARG 28/2/95

JOHN VILJOEN
Business Staff

A SHARPLY rising aluminium price on the London Metals Exchange helped Alusaf boost after-tax profits by R10 million to R17 million

Alusaf reported today that construction at its Hillside Smelter project was on target and likely to be R1,2 billion cheaper than the budgeted figure First metal production is planned for mid-1995

Operating efficiencies at the Bayside Smelter remained high during the six months. Bayside turnover increased significantly boosting after tax profits

The daily LME aluminium price averaged $1 665 a ton during the six months — up 46 percent on the corresponding period last year

Turnover growth was limited because the company could not immediately pass on the higher prices to customers in the local market

Alusaf has implemented a revised domestic pricing policy which more closely follows the LME price and the exchange rate. The benefit of this, together with the introduction of a defensive hedging strategy was expected to have a positive effect on the future performance, the Alusaf directors said.

The company did not declare an interim dividend because of the major capital expenditures to which it is committed

■ Contrary to market rumours, mass retrenchments of the **Sage Life** asset management team have not followed the merger announced with Coronation Asset Management last week, says Sage executive director Bernard Nackan

The merger will see the creation of a new company, Sage Coronation Fund Managers, with a 75 percent stake in two operating companies, Sage Capital Managers and Coronation Asset Management

Sage Coronation Fund Managers will be based in Cape Town and headed by Coronation Holdings director Leon Campher

■ Packaging, printing and property company **Alex White Holdings** reported an 18,8 percent increase in turnover during the six months to December to R39,83 million from R33,51 million in the same period the previous year

Steel imports up as demand rises

BD 2/3/95. (189A)

MARCIA KLEIN

HIGHER steel imports and a drop in exports pointed to an upturn in the SA economy and the concurrent improvement in local demand for steel products, industry and market sources said yesterday

A sharp rise in steel imports and a significant drop in exports contributed to the erosion of the trade surplus in January The trade surplus shrunk to R1,04bn from R1,69bn in December

Industry and market sources said this indicated the economy was growing and that local demand was on the increase. This trend was expected to continue

Analysts said the drop in exports reflected the fact that steel manufacturers were supplying much more steel to the local market where the profit margin was higher. Steel producers were cutting out some low-volume specialised products, which had small markups.

The importation of those specialised products was reflected in the increase in metal imports.

Iscor group manager, public relations Neels Howatt said the trends reflected the increase in local demand as well as Iscor's cutback on less profitable products and focus on the more profitable ones

In the six months to December, total steel exports were 1,184-million tons, compared with 1,502-million tons in the six months to December 1993.

In the 1993 calendar year, steel imports totalled 73 000 tons, representing 2,1% of the total steel used locally. In 1994, imports rose to 123 000 tons, or 3,5% of total steel used locally

Analysts said it was doubtful that the decline in exports reflected any reaction to the phasing out of the general export incentive scheme (GEIS).

Sources said steel exporters were the major GEIS beneficiaries, gaining 19% extra income from the scheme.

Howatt said that in the financial year to June 1994, Iscor received R130m from GEIS. "But the aid we gave to secondary exporters in the same period was R260m."

Iscor received the incentive, but tried to help local secondary producers to be competitive overseas, he said. As Iscor lost the GEIS incentive, it would not continue to support secondary industries to the same extent because they would not lose all export incentives.

Sources said GATT would not allow for any direct export subsidy to replace GEIS. But small and medium-sized exporters could get benefits like pre-shipment financing of exports, research and development aid or help with promotion and marketing.

TONGAAT-HULETT (1894)

Taking the plunge

FM 3/3/95

The announcement in principle that Tongaat-Hulett will go ahead with two large expansion projects totalling R2,33bn is a notable attempt to sustain real growth in earnings well into the next century

It shows a firm commitment to the potential of aluminium products — the aluminium division is to receive the lion's share of the capital spending — but also raises questions about the sources of future demand and funding for the biggest project the group has yet undertaken

Tongaat has not taken the decision to expand its aluminium rolled products plant at Maritzburg lightly R12m has been spent on local and US engineers who helped on the feasibility study

In 1995 money, the project will cost about R1,75bn, agreements still have to be signed, but it seems likely Tongaat will hold 50% of the expanded division (rolled products output will increase from 50 000 t/year to 150 000 t/year), the remainder held by major shareholder Amic and the Industrial Development Council (IDC)

When the project is commissioned in 1998, the cost, including working capital, will approach R3,5bn Tongaat will be liable for about R1,75bn of that, almost half the group's present market capitalisation

That's a huge investment in a project which group MD Cedric Savage says will probably only begin to offer reasonable returns after about five years However, it shows Tongaat is planning for long-term growth now the restructuring and refocusing of the past four years, aided by the more buoyant economy, is coming through in strong results

"The expansion has to be big to make the division internationally competitive Our 50% stake was carefully determined, it's the optimal proportion for us in terms of funding requirements' Savage says

Central to competitiveness is the division's supply of aluminium ingots from Alusaf Hulett Aluminium is already Alusaf's largest customer After the expansion, offtake of the metal should more than double from the current 100 000 t "We are finalising supply agreements with Alusaf Pricing will be based on a formula linked to the world price of aluminium It's important for us to get aluminium at world competitive prices"

Savage says the expansion can be seen as a spin-off of government's encouragement for upsteam aluminium production, which led Alusaf to invest about R5,2bn in its new Hillside plant Tongaat's expansion is aimed at further downstream beneficiation of aluminium products, including aluminium cans But Savage lists other areas, like products for the automotive industry, rolling stock, and construction

There are some reservations about the long-term potential of the aluminium can market, though the subject is under intense debate within the packaging industry Should the US trend towards aluminium cans be repeated in SA, local demand will remain strong

Savage says about 30% of the expanded capacity (total annual capacity will be about 200 000 t) will be exported, some to First World countries Tongaat will have a competitive advantage exporting to the rest of Africa thanks to lower transport costs

Savage

Funding still has to be finalised — and this is where Tongaat needs to give more details A rights issue has been ruled out Savage says the projects will be funded by equity and borrowings "We have taken a 10-year view on all our businesses Funding for these projects will be comfortably within our borrowing limits"

Tongaat, which reduced borrowings by 42% to R285m at the September interim, probably holds little gearing now and is likely to be cash positive by year-end in March Cash flow is strong, there is considerable capacity to take on debt

But the group has historically been overgeared and the latest projects could influence investor perceptions When the announcement was made last week, the share price lost R4, though it has since recovered to R39

The R580m expansion of African Products' starch and glucose plant in Gauteng shows similar long-term thinking Savage says the greenfields plant is looking towards growth beyond the next three years — R110m has been con[illegible]itted to the division for short-term expansion

The cyclical value of the share offers potential All six divisions performed well at the interim when earnings advanced 43% Full-year results are expected to be stronger (Tongaat is traditionally a second-half group), earnings possibly up by more than 50% on the previous year

Tongaat's capex programme (apart from the projects mentioned, R374m is planned to be spent on other divisions to sustain business levels over the next five years) increases the long-term potential of the share But shareholders will want more details on the aluminium joint venture once the agreements are in place

Shaun Harris

Green council backs Iscor steel plant

JOHN YELD
Environment Reporter

THE Council for the Environment has given the thumbs-up to Iscor to construct its giant steel processing plant between Saldanha Bay and Langebaan

The council was asked by Environmental Affairs Minister Dawie de Villiers to evaluate the impact assessments of the controversial project

It said it agreed with the impact reports that, in most cases, possible environmental damage of the steel plant would be insignificant

Where there was a possibility of a significant impact, environmental management measures could minimise this to a satisfactory level

The proposed plant, with existing industrial plant already in the area, would be visually isolated, and the natural beauty of the Langebaan lagoon and the West Coast National Park to the south would not be damaged

The tourism potential was therefore unimpaired

Alternative sites were investigated but were found to be potentially more harmful to the environment

The council, whose response to Dr De Villiers was released yesterday, said the run-up to the steel project had stretched over many years

Decisions taken in the past and infrastructures established had predetermined the latest developments

"Investments made in the past based on these decisions, can therefore not be ignored," the council said

ARG 11/3/95

"We conclude that the steel project may proceed on the proposed site on the farm Yzervarkensrug"

The council recommended that Iscor compile an environmental management plan for the construction, operation and maintenance of the plant

"The implementation of this plan must be carefully monitored in order to limit possible negative environmental impacts to acceptable levels"

The council also recommended that a structure plan for the entire area around the lagoon be compiled, and that this be managed by an expert committee under the leadership of the provincial government and in close consultation with local communities

(189A)

Natural gas for steel plant

(184A)

CT 13/3/95

BARRY STREEK
POLITICAL STAFF

THE probable piping of natural gas from the massive Kudu fields off the Namibian coast to Cape Town contributed to Iscor's decision to establish its new steel plant at Saldanha

Iscor said five major secondary industries in Saldanha were likely as a result of its decision

The corporation told the Council for the Environment that "the Western Cape has the highest chance of getting natural gas due to the reported large resources of the Kudu gas field"

It added that the costs of a gas pipe from the Kudu fields would be shared in the Western Cape as there would be more than one major end-user for the gas

Iscor said one of the major objectives of the Industrial Development Corporation's investment in the project was the development of secondary and downstream manufacturing industries based on the minimill

Four of these secondary developments were dependent on the choice of Saldanha as the location for the steel plant These were

- A separate cold rolling mill and coating plant with a capacity of 300 000 tons a year for the export market in co-operation with a Swiss company,
- The erection of a pipe manufacturing plant for exports,
- The possibility of rolling stainless steel for a third party in the minimill, and
- The erection of a cement factory which will use the Corex slag from the steel plant as one of its major new materials

A fifth likely industry was the development of a three-to-six million-a-year iron ore pelletisation plant in Sishen and Saldanha in co-operation with a Japanese company

Most of the product would be exported while Saldanha Steel, as the new Iscor plant has been named, would also use 345 000 tons a year

"These and many other possible developments are the real job-creating opportunities which result from this project "

Iscor said it had examined six other sites in South Africa — Newcastle, Pretoria, Sishen, Delmas, Richards Bay and Port Elizabeth — before deciding on Saldanha

(189A) BD 13/3/95

Jordanian firm wants 100 000 tons of steel a month

JOHN DLUDLU

THIS week's list of trade inquiries offers lucrative opportunities for SA steel producers to bid for a large order from a Jordan importer

In the miscellaneous manufactured category, Jordan Steel Co wants to buy 100 000 tons of steel monthly

In the same category an importer from Amman Najjar Industrial Trading Co wants to be supplied with black steel sheets, galvanized steel coils, steel accessories for building and other types of steel.

French companies also make a strong showing in today's list of inquiries, with interest for SA trees, shrubs, unworked cattle horn and fresh potatoes.

An interesting inquiry was received from a French company Sidep The company, which is featured in the machinery category, wants to be supplied with an electronic shoplifting prevention system.

Hellbergs International of Sweden is interested in buying fire doors for ships and houses as well as windows for ships.

INFORMATION in this feature supplied by the Export Centre of the Department of Trade and Industry

Inquiries:
Manufacturers should contact the foreign company direct. Where possible a contact person has been named. If there are any problems, communicate with the department's Export Centre, tel. (012) 310-9791. Fax: (012) 320-8157

Export services:
For general advice on exports and export incentives, contact the department or its regional representatives in Durban, Port Elizabeth or Cape Town. It is strongly recommended that manufacturers new to the world of exports get in touch with the local office.

Warning:
SA firms should be aware that restrictions on the export of these products might be applied by the authorities. While every effort is made to maintain the accuracy of information in this list, the Department of Trade and Industry assumes no responsibility for any incorrect data. Nor will the department and its officers assume responsibility for any transactions undertaken with the firms or individuals listed.

LIVE ANIMALS AND ANIMAL PRODUCTS

Sheep casing, pig casing — Poland. Pozmeat, P Kuzniewski, tel. 0948-61-524 368, fax: 0948-61-524 225.

Sheep casing — Poland. Janimex, O Koczorowski, tel. 0948-61-617 670, fax: 0948-61-517 673.

Live tropical fish — Italy World Marin Fish SRL, tel/fax: 0939-6-550 3941

Frozen sea bass — Taiwan. Yen & Brothers Enterprise Co, Susan Yen, tel. 09886-2-298 9008, fax: 09886-2-298 8721.

Frozen scampi tails — Switzerland Frigaliment Import GMBH, Wald, tel. 0941-71-713 233, fax. 0941-71-715 722.

Egg powder — Hungary Cerbona, Tibor Csodo, tel 0936-22-312 504, fax: 0936-22-316 010

Cattle horn, unworked — France. Mercorne, P Castanier, tel/fax: 0933-66-692 919

VEGETABLE PRODUCTS

Trees, shrubs and bushes — France. Chambre de Commerce et D'Industrie de Villefranche et dun Beaujolais, E Chatelet, tel. 0933-74-653 179, fax: 0933-74-627 300

Fresh potatoes — France. RAF, C Charpentier, tel. 0933-76-275 518

Dehydrated potatoes, tomatoes, dehydrated garlic, onion, beetroot, carrot, red pepper, stringbeans, spinach, asparagus, cabbage — Argentina. Industrias J Matas SCA, Jacques Matas Jr, tel. 0954-61-380 637, fax: 0954-61-380 636

Almond, shelled, hazelnut, shelled — Taiwan Hope Sing Trading Co, Roger Cheng, tel. 09886-2-553 9855, fax: 09886-2-557 8812.

Durum wheat seed, other wheat seed, maize seed — Hungary Mezomag, Gyorgy Hegedus, tel. 0936-22-329 002, fax: 0936-22-329 018.

Sunflower seeds for the production of oil — Spain. J Martinez Alcazar Brokers, J Martinez Alcazar, tel/fax: 0934-1-416 1807

PREPARED FOODSTUFFS AND BEVERAGES

Peanut butter — Israel Elite Industries, Nachum Cohen, fax: 09972-3-675 2228.

PRODUCTS OF THE CHEMICAL OR ALLIED INDUSTRIES

Potassium permanganate — Egypt. Nawar Establishment, Abram Saad, tel. 0920-40-351 020/352 101, fax: 0920-40-351 981.

Molybdenum trioxide, sodium molybdate — Argentina. Atlancolor SA, Dario A Biscay, tel 0954-1-687 6765/6487/6899, fax: 0954-1-687 2976.

Pharmaceutical products/creams in packaging for retail sale, beauty or make-up preparations — France. Transco SAM, M Musso, tel. 0933-93-300 356, fax: 0933-93-505 531

PLASTICS AND RUBBER ARTICLES

High-density polyethylene — Poland. Marwil, M Wilczynski, tel/fax: 0948-61-480 027

Polypropylene foil — Poland. Wytwornia Wyrobow Tytoniowych, C Ciesla, tel/fax: 0948-61-671 680

PULP OF WOOD

Kraft paper to produce cement bags — US International America Trade Inc, Antonio I Sabatier, tel. 091-305-567 0072, fax: 091-305-567 0172.

CLOTHING AND TEXTILES

Tracksuits, ski suits and swimwear, other garments — Finland Lintraco OY/AB, Lars B Lindholm, tel. 09358-0-803 5896, fax: 09358-0-803 2355.

FOOTGEAR AND HEADGEAR

Safety shoes — Germany Mab Arbeitsschutzhandelsges, Martin Abhau, tel. 0949-6622 6069

NATURAL OR CULTURED PEARLS

Hand carved wooden necklaces of various lengths — US Alabaster Originals, Sam Alabaster, tel. 091-901-526 1137, fax: 091-901-523 2825

BASE METALS AND ARTICLES OF BASE METAL

Fire doors for ships, fire doors for houses and windows for ships — Sweden. Hellbergs International, Lennart Hellberg, tel. 0946-521-40 654, fax: 0946-521-40 027

Steel nails, drywall screws — US. Prime Source Inc, Sharon Phillips, tel. 091-214-417 3750, fax: 091-214-416 3156

Diamond tipped saw blades — Poland 3T, A Debski, tel. 0948-61-668 194, fax: 0948-61-668 934.

MACHINERY AND MECHANICAL APPLIANCES

Pumps (fuel) — Egypt. El Shehab Import & Trade Co, Omar Zaher, tel. 0920-2-607 037, fax: 0920-2-349 7725

Pet preform used for the production of plastic bottles — Egypt. Hellena, J Zybala, tel. 0948-62-73 860/73 427, fax: 0948-62-77 686

Electronic shoplifting prevention system — France. Sidep, M Feferman, tel. 0933-1-6007 8888, fax: 0933-1-6007 8880

Enamelled copper wire — Israel. Bardugo Brothers, S Bardugo, tel. 09972-3-560 8080, fax: 09972-3-560 7564.

MISCELLANEOUS MANUFACTURED PRODUCTS

Compound extract of aloes, saturated acrylic monocarboxylic acids — Hungary Anaconda, Karoly Nemeth, tel/fax: 0936-88-422 699

Handwoven rugs, jewellery of semi-precious stones, curios, handicrafts, handcrafted African art — Switzerland Artico, Schreier, tel 0941-37-343 444, fax: 0941-37-342 266

Confectionery, chocolates, biscuits, chewingum and drops — Amman. Houtary Trading Company, Lufti Houtary, tel/fax 09962-998 1583.

Steel billets at a rate of 100 000 tons a month — Jordan. Jordan Steel Co, Ali Krayim, tel. 09962-6-619 380, fax: 09962-6-619 384.

Aluminium, aluminium products (doors and windows) — Oman. National Aluminium Products Co, R Ravi, tel. 09968-626 450, fax: 09968-626 453

Steel profiles, black steel sheets, galvanized steel coils, prepainted galvanized coils, accessories for building industry, secco profiles — Amman. Najjar Industrial Trading Co, Eng Mulham Najjar, tel. 09962-6-660 718, fax: 09962-6-605 824.

Furniture, timber, paper, safes, medical equipment, fabrics, leather products — Jordan Al-Huda Est, Abdullah Mahrouq, Fax: 09962-605 750

Filter bags for industrial use and other dust control equipment — Bahrain. Gulf Markets International — Sam Jaffari, tel. 09973-230 654, fax: 09973-243 625

Hardware industrial tools including piers, wrenches, bench vice, drill bits, cutting tools, machinist files, spanners — United Arab Emirates (UAE) Tameem Ship Chandlers, Ahmed Al-Husseiny, tel 09971-6-321 232, fax: 09971-6-333 552.

Clothing, upholstery and curtain material — Saudi Arabia. Al-Gazzaz Est, M T Berhan, tel 09966-2-651 4525, fax: 09966-2-651 0204.

Tongaat creates black business worth R120m

CT 14/3/95 (BR) (189A)

By David Canning
Assistant Editor

Tongaat Hulett's black economic empowerment programme generated business worth R120 million for black sub-contractors in 1994.

This was disclosed by Johannes "JB" Magwaza, group executive director responsible for the twin-pronged programme, at a recent meeting of the KwaZulu/Natal Chamber of Business's Corporate Forum in Durban.

The programme has included the passing of control of its Supervision catering division to black entrepreneurs and a number of subcontracting or "outsourcing" deals, which include washing of company overalls, trucking and supply of various components.

Magwaza, who is also national president of the Institute of Personnel Management, emphasised that Tongaat had not adopted its black empowerment programme out of benevolence. The initiative made business sense.

In fact, companies that neglected to implement such programmes did so at their peril.

Tendering, for example, was increasingly dependent on a company having an empowerment programme.

So was the securing of overseas business. Increasingly the company was being called on to disclose its record in black economic empowerment when it applied for contracts.

Tongaat had scored several times because of its activity in the field.

Magwaza said he monitored the performance of each of the group's seven main divisions every week on black empowerment issues. He reported on progress at monthly board meetings.

Magwaza said Tongaat Hulett had run into a steep learning curve in its implementation of its empowerment plan and problems it had encountered at times included:

☐ Criticism when it had favoured its own staff for empowerment. This was a deliberate policy as "charity does begin at home";

☐ The problem of greed. Months of work on lining up a project had been jeopardised because would-be entrepreneurs, with "crocodile-like teeth" had wanted too big a cut. As a result the group would be vigilant in analysing any individual wanting to subcontract to it;

☐ Lack of finance, a persistent problem. Little money had been forthcoming from foreign sources despite promises last year of substantial amounts. As a result Magwaza had to turn to normal sources of finance such as the SBDC, Development Bank and merchant banks.

Magwaza said the group's vision for its empowerment programme was the development of a South Africa where a substantial number of enterprises — of all sizes — were wholly or partly owned by black entrepreneurs.

"This will lead to economic growth and improved levels of employment across the country," he said.

Ferrochrome demand is outstripping capacity

(189A)

BD 15/3/95

MARCIA KLEIN

FERROCHROME producers were struggling to meet demand and might, in the medium term, have to consider major capital expenditure programmes to increase capacity, analysts said.

Industry sources said yesterday the strength of the stainless steel market — stainless steel manufacturers are major users of ferrochrome — had caught everyone by surprise "No-one had expected it to turn as rapidly or as sharply," one said.

Sources said ferrochrome producers were all operating at full or near-full capacity to keep up with demand. Major producers Samancor and Consolidated Metallurgical Industries (CMI) had options available to increase capacity, such as converting furnaces, before they considered major capital investment programmes, analysts said

But Iscor's announcement it would convert its Pretoria steel works to stainless steel would require additional ferrochrome capacity, as no producer has sufficient capacity to supply Iscor at the moment. It is believed Iscor has made enquiries and has asked ferrochrome producers to submit proposals.

Samancor chrome GM Wilrich Schroeder said the ferrochrome market was very strong at the moment with stainless steel production at a high level. Stocks appeared to be low

Prices were currently being contracted for the second quarter, and indications were that they would be in "the mid 50s to 60s" range. The spot prices in most markets seem to be above the $0,60/lb mark.

Last year, stainless steel production increased by 9,7% to 12,7-million tons, above expectations

The ferrochrome price rose to $0,50/lb at the end of last year from as low as $0,33/lb in 1993 and further increases were expected this year.

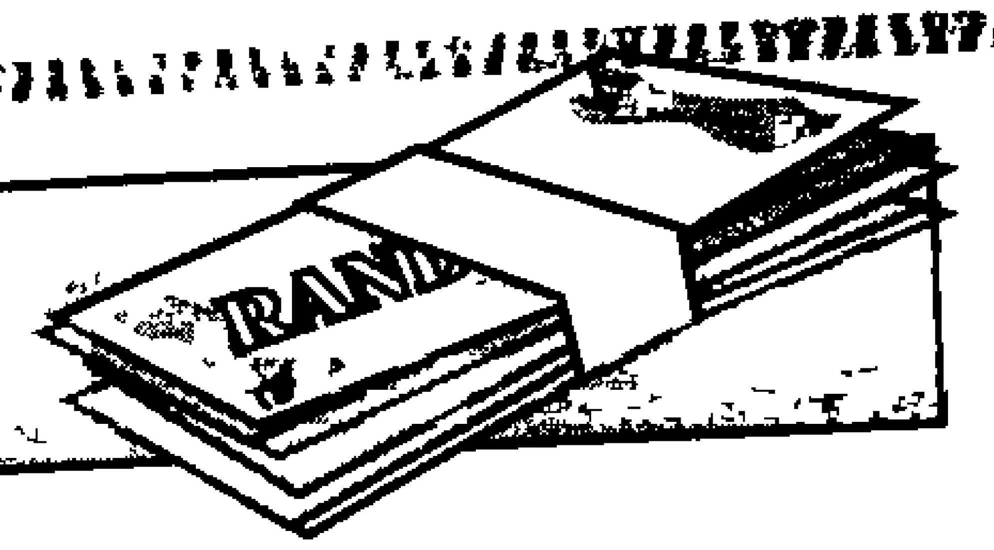
A year ago, the industry was experiencing little demand, overcapacity and weak prices. Now the opposite applied Demand from all over the world was strong, particularly in Europe, the US and the Far East.

Schroeder said Samancor had a number of options to enable it to supply enough ferrochrome to meet demand. These included switching furnaces which were currently producing ferro manganese, or embarking on a number of other low cost projects if the market demanded

An analyst said the increase in demand had helped the producers "to mop up spare capacity".

But one analyst warned that Iscor would only go to full stainless steel production a few years down the line, so the additional capacity was not needed in the near term.

Irrespective of Iscor's needs, there would be too little capacity a few years down the line, an analyst said, and both Samancor and CMI would have to soon consider capital investment programmes to increase their ferrochrome capacity s on Business



Top group to create more jobs

By Isaac Moledi

(189A)

THE Tongaat-Hulett Group has allocated more than R2 billion for the major expansion of its projects in KwaZulu-Natal and Gauteng — creating more jobs in the two areas

Group managing director Cedric Savage says R1,75 billion will be spent on the expansion of Hulett Aluminium Rolled Products in Maritzburg and R580 million on the expansion of African Products' starch and glucose production factory in Gauteng "The approval for the aluminium project, of which the group holds 50 percent, is subject to certain conditions being met, but we are optimistic that the final decision will be possible in the near future," says Savage

Sowetan 16/3/95

The Hulett Aluminium project, according to Savage, will provide Tongaat-Hulett shareholders with a substantial growth opportunity and has been subject of a major feasibility study "If the outstanding issues can be cleared to the satisfaction of the Board within the next few months, commissioning of the major project at the Pietermaritzburg will take place during 1997 and 1998," he says.

BASE METALS

(189A) FM 17/3/95

Best chance

Volatile currency markets have been creating a roller coaster for precious metal prices over the past few weeks

The gold price, which dipped last October and remained disappointingly flat, rose sharply on several occasions, then retreated This has become a familiar pattern

Two factors determined the gold price last year, says Chamber of Mines economist Roger Baxter "There was a collar (floor) at US$365-$375, created by physical demand for jewellery fabrication When the price rose above these levels, physical demand tended to decline

"Speculation through various trading mechanisms on the paper market pushed up the gold price but failed to get it through the $400 level because at that point speculators liquidated positions, putting downward pressure on the price So it has been trading in a range of $370-$400"

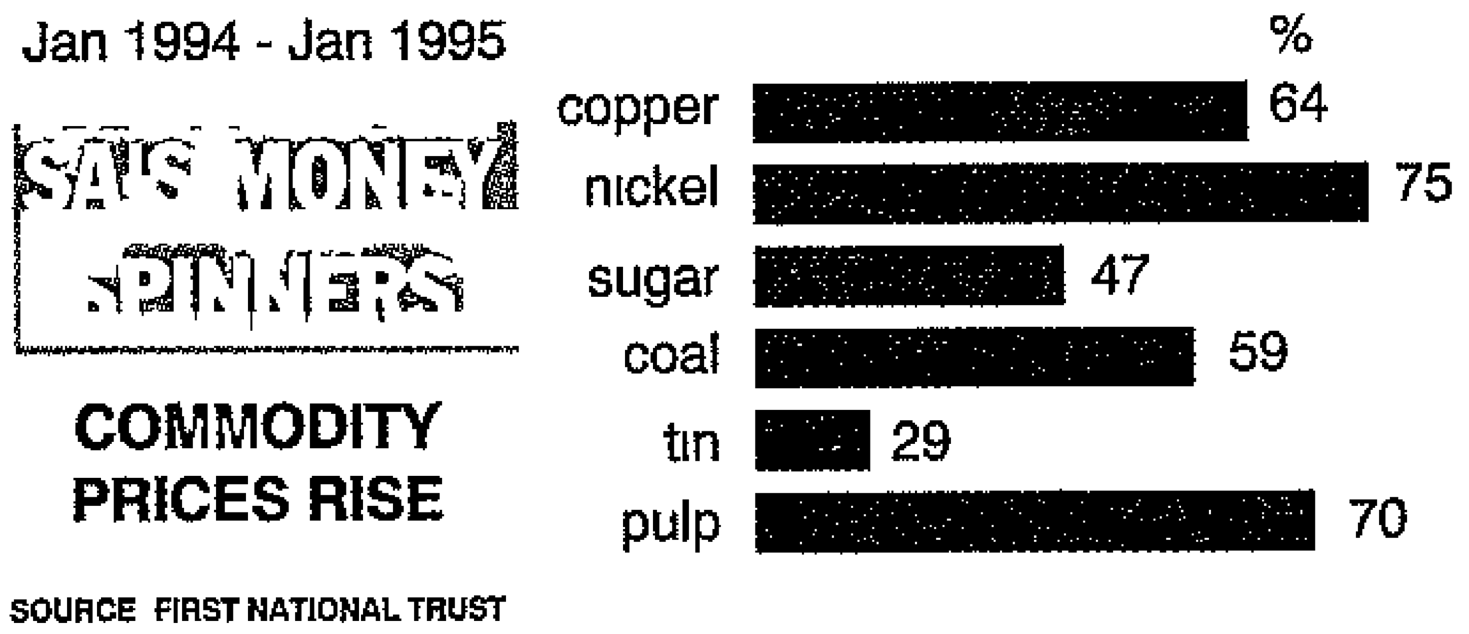
He is optimistic about gold's prospects "As the world economy continues to grow, demand for jewellery fabrication will rise to perhaps $385-$390 with speculators running it up possibly over $400"

Fundamentals, he says, are positive Platinum, SA's second biggest export, is underpinned by demand from manufacturers of autocatalytic converters And, as First National Trust's publication *Overview* points out, "unlike gold and silver, it is not subject to sudden large sales because few stockpiles are held by central banks or producers" But analysts expect no sudden major improvement over the next year

Meanwhile, base metals have been an important generator of dollar income There were substantial price improvements last year, as in many other commodities

Prices of metals & minerals on international markets rose nearly 12%, according to IMF statistics Prices of food rose 5% and beverages 71% with cocoa increasing 112.4% The average price of nonfuel primary commodities rose 12.4%

Overview identifies commodities "important to our economy" (see graph) Rand price increases between January 1994 and January 1995 ranged from 29% (tin at R22 900 a ton) to 75% (nickel at R35 175)



Customs & Excise figures show that helped by a depreciating rand, the value of base metal exports rose 19% to R11,8bn in the year

This has translated into increased earnings for local producers and a 24% rise in the JSE Metals & Minerals index

But the Kobe earthquake unsettled most markets And by February, several important commodities — nickel, tin, copper, zinc and lead — showed signs of peaking

There was speculation that the continued increases in US interest rates had finally quieted inflationary fears — and dampened commodity prices Then, last week, there were indications that the sell-off had worked itself out Though the market is wary and participants are reluctant to hold large long-term positions, dealers saw most metals as fundamentally solid

Overview suggests the Kobe quake will only temporarily depress prices and demand It reports "Many commentators believe the international commodity price cycle will peak only after 1996 as synchronised growth in major economies will sustain demand" ■

Numsa warns of tough bargaining

(1897)

BD 22/3/95

RENEE GRAWITZKY

EMPLOYERS in the metal industry would face a tough bargaining year in the wake of increasing profits made by companies, Numsa general secretary Enoch Godongwana said at this week's unveiling of the union's core wage demands.

Demands submitted to Seifsa yesterday stem largely from recommendations made by the union's national bargaining conference and were endorsed by the central committee at the weekend

The closure of the wage gap to ensure that workers at the lowest grades earned no less than 60% of an artisan wage and a reduction of the number of grades in the metal, motor vehicle assembly and tyre industries was central to Numsa's demands.

Godongwana said wage demands this year should be viewed as an "integrated package of changes" with a 15% across-the-board increase being demanded in all sectors, and an improvement factor of no less than 5% for the lowest paid workers

In the past demands had been as high as 30%, but this year the union wanted to show it was serious about removing wage differentials, he said

The core demands are part of a three-year strategy, tabled during negotiations in 1993, linking wages to skills development.

This required the restructuring of existing job grades and wage systems to provide for a new skills-based career path for workers.

After lengthy discussion, it was agreed that the demand for 160 hours paid leave a year for training should apply only to adult basic education and additional paid time off demanded for operational skills training.

Workers demanded a 40-hour week with no loss of pay. Currently only one company — in the motor sector — allows this

An end to contract labour and the establishment of work security funds, with employer contributions of 5c per worker per hour, was also demanded. This would be used to give training to retrenched workers

One of the main demands made to Seifsa was the amendment of section 33 of the Industrial Council main agreement to provide six months' notice and full disclosure of intended changes in technology It also demanded full union involvement in the whole process, job security in the event of technological change, paid time off for shop stewards to consult union officials, and changes around work reorganisation or restructuring to be negotiated at plant level.

Other demands relating to the metal industry included that reconstruction and development structures be established in the workplace and employers pay 1% of their wage bill to the RDP; scrapping of the six-week ceiling for severance pay; and that section 35 be amended to provide for negotiation, rather than consultation, over retrenchments.

The union agreed to recommend that employees work on Heritage Day (September 24) and that they contribute 25% of wages from that day to the RDP.

The union agreed in principle to enter into productivity bargaining at plant level

Godongwana said that this did not mean the union would agree to "open the floodgates to a multitude of divisive productivity schemes. We are aware right now of at least one company which gives its workers two pieces of Chicken Licken per week if they reach production targets"

Regarding the Labour Relations Act, Numsa welcomed the envisaged role for workers in joint decision-making on certain plant level issues and the concept of consultation on a further range of issues.

However, the introduction of a form of co-determination would undermine traditional crucial union structures such as shop steward committees, Godongwana said.

The union was not opposed to the content of workplace forums but the form of such structures.

The clause relating to the right to strike was inadequate, Numsa said.

Steel traders fall foul of board ruling

ST(BT) 26/3/95 (189A)

By DON ROBERTSON

INDUSTRY Minister Trevor Manuel has declared as unlawful restrictive practices used by three top steel-merchants: Baldwins Steel, MacSteel and Trident Steel.

The decision, published in the Government Gazette of March 10, follows the Competition Board's three-year investigation into the R5,5-billion-a-year steel distribution industry

The Minister has outlawed the actions of Baldwins, Macsteel and Trident in refusing to supply certain customers and the refusal by Columbus to buy from scrap dealers other than Tillmor He has also banned any collusive purchasing of non-ferrous scrap The measures take effect from April 24

Mr Manuel says he is not satisfied that these restrictive practices are justified in the public interest.

The board found that metal merchants conduct their business using a common price list, referred to as "price leadership"

But, instead of outlawing price leadership immediately, the Minister has asked the board to try to reach an arrangement with the "parties identified" to end the practice

"If these negotiations are successful, a notice will be published in the Government Gazette formalising the arrangement If no agreement on the matter can be reached between the board and the relevant parties, a notice outlawing the practice will be published "

Pierre Brooks, chairman of the Competition Board, said he hoped to meet the main players within two weeks and have the matter resolved a week later

He said the board wanted to dispel the perception that the matter involved price collusion

"We have studied the approach adopted by similar bodies in Britain, Japan and America and I am confident we can resolve the problem," said Dr Brooks

He said it would be extremely difficult to formulate legislation to outlaw price leadership

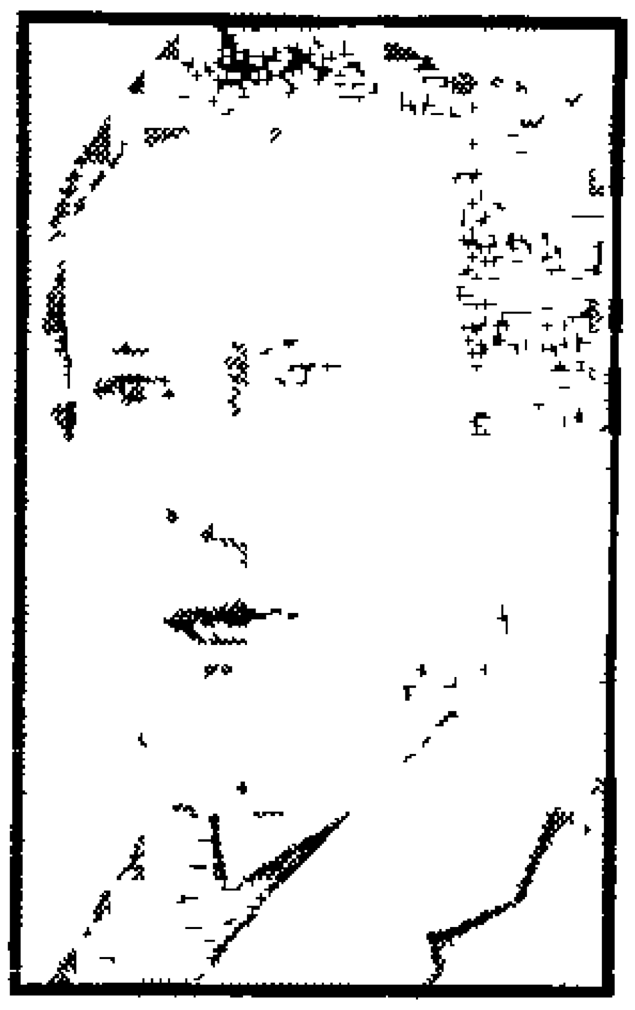
Legislation to be introduced which compels merchants to supply all customers is also under discussion

Dr Brooks says the decision by Mr Manuel to back the board on the steel merchants and the recent case involving Ster-Kinekor shows the government is taking competition policy seriously

"The government also intends putting more teeth into the (Promotion and Maintenance of Competition) Act," says Dr Brooks

The investigations into the steel industry began after mini-merchants alleged, among other things, that the three companies practised price collusion

Many merchants would speak to Business Times only anonymously, saying



PIERRE BROOKS

they feared for their lives Others believed they could be threatened in other ways and that supplies would be cut off

Speaking from Philadelphia in the US, where he is on a business visit, Michael Hoffman, chairman of the Steel Merchants' Association, said the Minister's findings on price leadership came as no surprise

"We are, however, delighted that the spurious accusations of price collusion have finally been dispelled "

Mr Hoffman is concerned about the legislation which will force merchants to supply all customers

"We will have to try negotiate around this as there are customers who are bad payers or who deal in stolen goods," he said In 1992 the theft of steel was estimated at R60-million a month

The proposed legislation justifies merchants' refusal to supply customers who have been convicted of dealing in stolen goods But Mr Hoffman said there was a big gap between those convicted of this and those who still practised it.

Ben Fourie, managing director of Trident, is more antagonistic about the Minister's findings "I fail to understand what they (the Competition Board) are talking about when they refer to price leadership

"Price leadership is practised by the steel producers themselves and we make a list from what they give us The industry can't operate without a common price list."

On the issue of supplying all customers, Mr Fourie asks "Must I supply someone who will not pay, someone who sells stolen goods, someone who has hi-jacked a truck or who is in cahoots with truck drivers?

Andrew Embleton, managing director of Baldwins, queried the "adverse effects" of price leadership

"Two years ago, after Iscor issued new prices, we published our own price list in an effort to get away from the mythical common list.

"We couldn't make it work. Customers wanted an overall price reference or merchant price and only wanted to know what discounts we would give "

A spokesman for Columbus says the new legislation will have no impact on the company as it has not bought any scrap from Tillmor or any dealer for the past 18 months

(189A)

METAL INDUSTRIES

Where are the jobs?

FM 31/3/95

The metal and engineering industries could be in for the most sustainable growth phase in nearly 20 years

The bad news is that this won't necessarily translate into major job creation

Steel & Engineering Industries Federation (Seifsa) senior economist Michael McDonald says growth in the sector this year could exceed the 2,7% forecast by Finance Minister Chris Liebenberg and the 3% or more predicted by the SA Chamber of Business (Sacob)

So far, however, the number of new jobs has been limited and McDonald confirms that the improved business picture may not initially change this He points out that it was not only sanctions and recession that fuelled unemployment in the past, it was also the changing structural nature of the industry, chiefly in the shape of improved productivity and increased automation

Furnace tapping *new technology to the fore*

Figures tell the story In 1981 there were 454 000 hourly-paid workers in the metal and engineering industries Today there are only about 270 000 — less than 60% of the 1981 level But production levels today are around 80% of 1981 levels and rising

Reasons, says McDonald, lie in technological innovation and the demand for high quality standards These, with the high cost of labour, have made manufacturing highly capital intensive worldwide

"With the high unit cost of labour in SA, those pinning their hopes on growth through increased exports have no choice other than the capital-intensive route"

New technology requires higher skills levels on the shopfloor This is already apparent in the metal industries today McDonald says that 15 years ago, artisans represented about 14% of the hourly-paid workforce, semi-skilled workers 24% and unskilled 62% Today, the mix is 16% artisan, semi-skilled 52% and lower-skilled only 32%

The disappearance of so many low-skilled workers can also be ascribed to large scale unionisation over the years

Union militancy, along with demands for ever rising wage levels with no concomitant improvement in productivity, led to retrenchments in companies where management questioned the need for maintaining so many workers

But more recently, unions and employers have started working together in more creative ways to improve productivity and skills levels through better training Though this may not be the stimulus for more jobs, McDonald says it should lead to a much more productive workforce

So what will pave the way for the creation of more jobs? And when will a trend become evident?

"We should start to see new jobs fairly soon," predicts McDonald "Already we have recorded a 1% increase in employment over last year and are hopeful that things will pick up as soon as the RDP starts to move Once it really gets rolling, the RDP will create many jobs in the building industry, electrification, reticulation and other areas, which are downstream applications for us"

Government's intention to favour small business, particularly black business, should put special emphasis on expanding and improving the lot of the informal sector And probably most of all, rapid urbanisation will require a vast improvement in the provision of services ■

'Sold out' signs go up at Alusaf

(189A)

CT (BR) 11/4/95

BY CHRIS JENKINS

STAFF WRITER

Aluminium producer Alusaf has signed a number of medium-term supply contracts and is "essentially sold out"

This is in addition to long-term contracts to supply half of the new Hillside smelter's 466 000 ton capacity

Alusaf's general manager (commercial), Johannes Diemont, said "We are committed to the extent that we want to be Although there are plenty of potential customers knocking at our door, we do not wish to get involved in a additional discussions at this stage"

He said the rapid rise in the aluminium world price, spurred by an apparent shortage of the metal, had stimulated considerable interest in the availability of aluminium from the new smelter, which was due to begin the long start up process in June

The sale of half of the Hillside smelter's output is linked to the purchase of alumina According to Alusaf, the company has negotiated long-term competitive contracts with Alcoa, Billiton and Alusuisse

Alcoa has agreed to a 20-year supply of 500 000 tons of alumina a year, Billiton to a 15-year supply of 400 000 tons a year and Alusuisse to sell 300 000 tons a year on a short-term basis to Alusaf's existing Bayside smelter at Richards Bay. Alusaf will sell about 50 percent of the Hillside smelter's output back to the suppliers through a tolling arrangement

Steel mills close in face of shortage

ST(BT) 2/4/95 189A

By DON ROBERTSON

PRODUCTION hitches at Columbus, SA's sole stainless steel supplier, have caused a critical shortage of the material

Manufacturers have been forced to close tube mills, bus builder Busaf is considering switching back to mild steel, while steel merchants report an ever-shrinking stockpile

Ray Karschagen, managing director of Busaf, which recently secured an order for 100 buses from the Johannesburg municipality, says delivery of buses is four weeks behind and "we are living from hand to mouth"

Deliveries of special quality 3CR12 stainless steel, which were promised for March, have been extended to May

"If we do not receive 3CR12 by then, we will have a serious problem and will have to switch back to mild steel This will cost us a considerable investment as we recently converted all our steel pre-treatment plant to accept stainless steel"

David Slater, executive director of the Stainless Steel Development Association, says the shortage is serious

The option of importing steel has largely been ruled out following the recent decline of the rand against the currencies of major world producers Importing adds about 45% to the price of the local product

Tube manufacturer Fischer Stainless Steel has been forced to reduce production on three tube mills from an 18-hour shift to a single shift For the past two weeks, all three mills have been stopped and employees have been asked to take leave

At another tube manufacturer, three mills have been closed for the past two weeks because of shortages, says a director who wishes to remain anonymous

The plant has managed to supply limited numbers of containers for the autocatalyst industry by "begging and borrowing offcuts and small coils We have even had to borrow steel from our customer"

Derrick Franz, managing director of stainless steel suppliers NDE, says stocks on hand have fallen by about 70% since September

Fred Boshoff, chief executive of Columbus, concedes there is a major shortage, particularly of cold rolled material, but says this will be of a short-term nature Shortages are expected to ease from June and deliveries should be back to normal by year-end

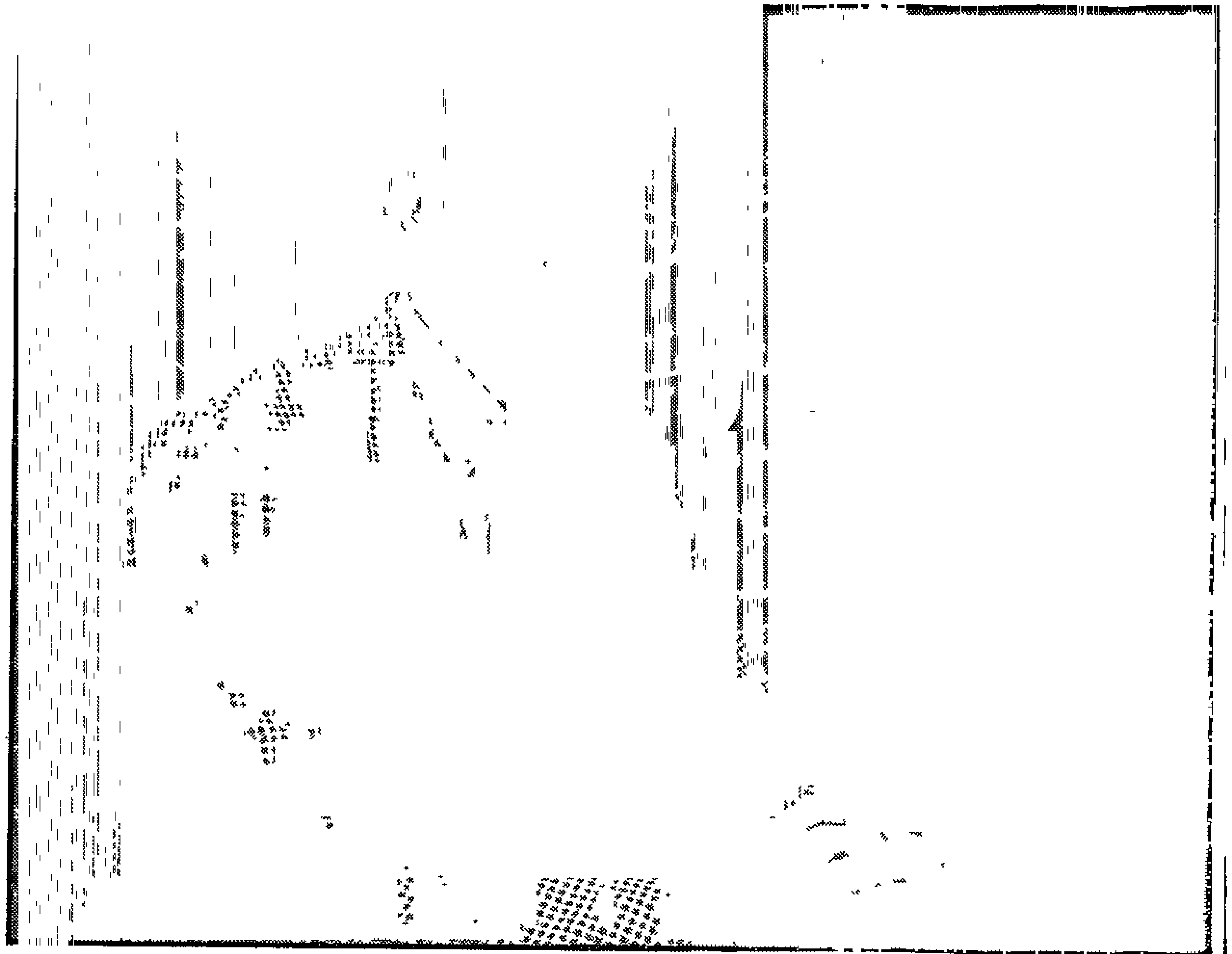
Columbus's inability to keep pace with cold rolled demand follows the November shutdown of the annealing and pickling line Difficulties were experienced during the revamp which have not yet been resolved, resulting in loss of capacity, says Mr Boshoff

Commissioning of the new plant is being accelerated and it should be operational in May

Cold rolled 3CR12 is a particular problem, says Mr Boshoff A change to more efficient Sasol gas created heating problems in the annealing furnace Trials are being undertaken to resolve this problem

"From May, domestic market demand suddenly increased, reaching levels beyond the capacity of Columbus In order to accommodate this demand, Columbus stopped export order intake for finished products to concentrate on the domestic market," he says

This followed a pre-election decline in demand, when Columbus had to rely on export markets to maintain volume levels



NEW PLANT Fred Boshoff, chief executive of Columbus, says the shortage of cold-rolled steel will ease

Chromecorp to list on steel and allied board

MARCIA KLEIN

CHROMECORP Holdings, SA's third-largest ferrochrome producer after Samancor and Consolidated Metallurgical Industries, is to list on the steel and allied board of the JSE on May 23. (189A)

Directors said the listing would enable it to take advantage of the increase in world demand for ferrochrome and the resulting higher prices. BD 3/4/95

After the listing, 15,44% of Chromecorp's issued share capital would be in the hands of the public. Its controlling shareholder, Südelektra, which is quoted on the Swiss stock exchange, would retain 84,56%. Chromecorp would offer 13-million shares at 500c, raising R65m. Südelektra would offer a further 15-million shares at 500c a share to raise R75m. After the issue there would be 181-million shares in issue. On listing, the company would have market capitalisation of R905m.

Chairman John Vorster said the company chose an opportune time to list. "The commodity cycle is favourable. We expect world economic growth rates to increase and stimulate demand for stainless steel in the next few years. Demand for ferrochrome, which is used in the production of stainless steel, should follow suit. Prices have already firmed significantly."

The listing would establish a basis for future growth. Vorster said the company, founded in 1987, was one of the world's lowest-cost producers of ferrochrome.

Chromecorp produces 260 000 tons of ferrochrome a year from four furnaces and about 20 000 tons a year from a slag recovery plant at its Rustenburg site. It has its own mine, which produces about 1,2-million tons of chromite ore a year.

Marketing is handled by commodity trading company Glencore International. Its major customers are stainless steel producers in Europe and the Far East, with exports accounting for 99% of sales.

Detailed financial information would be published with Chromecorp's prospectus.

MD Peet Nienaber said profit forecasts for the year to December reflected attributable profit of R111m and operating profit of R176m. Operating profit had risen from R5,2m in 1990 to R61,7m last year.

Nienaber said the company was unique in the industry in that it had never recorded an operating loss.

Chromecorp had long-term borrowings of R32m, which amounted to 14% of capital employed. Some of the funds raised would be used to pay this off, leaving it debt-free. The funds would also enable it to make improvements to its mining and smelting process and maintain its position as a low-cost producer.

Nienaber said Chromecorp was a low-cost producer because it was run efficiently, had a lean overhead structure and had its own mine close to its plant.

At the beginning of last year Chromecorp added 25% capacity. It was "knocking on Iscor's door" with regard to Iscor's new stainless steel works. Nienaber said Iscor's ferrochrome requirements amounted to nearly its entire existing capacity.

The public offer opens on April 26.

Iscor rights offer gets 97% acceptance

(189A)

BY ROY COKAYNE

PRETORIA BUSINESS EDITOR

CT (BR) 4/4/95

Iscor received an acceptance rate of almost 97 percent for its rights offer — the largest ever undertaken on the JSE without the support of a majority shareholder

Iscor launched the rights offer of 344 million ordinary shares at 380c a share to raise R1,3-billion for the funding of a number of major new projects.

"The rights offer has been a tremendous success and way beyond our expectations It is a sign of confidence from shareholders in the ability of Iscor's management," said Iscor managing director Hans Smith

Iscor's executive director of finance, Louis van Niekerk, said that prior to the announcement of the rights offer, underwriters applied for risk underwriting substantially in excess of the required amount of R555 million.

However, following the completion of the rights offer, only R39,9 million would be taken up by Genbel Investments and their sub-underwriters, he said

Van Niekerk attributed the success of the rights offer to the long lead time, the company's improved profit and cash flow performance as well as all the preparatory work the company had done in the local and international capital markets

Shareholders were able to subscribe for 18 new shares for every 100 held

The rights issue is to finance the R3,6 billion Saldanha Steel carbon replacement project, which is a joint venture with the Industrial Development Corporation, the R100-million conversion of the Pretoria Works to stainless steel production and a micro stainless steel project in Durban, among other projects

Iscor rights offer 97% subscribed

MARCIA KLEIN

SHAREHOLDERS representing almost 97% of steel producer Iscor's shares have accepted its rights offer to raise R1,3bn for major projects

(189A)

Shareholders subscribed for 334-million shares at 380c a share The share eased marginally yesterday to close at 451c, off a 500c September high It has gained more than 5% since the offer was announced last month Executive financial director Louis van Niekerk said the offer was the largest undertaken on the JSE without the support of a majority shareholder Underwriter Genbel Investments would take up only R39,9m of the offer

BD 4/4/95

A "large portion" of the funds raised would finance Iscor's 50% shareholding in the Saldanha steel mini-mill The R3,6bn project was progressing well and the first order had been placed Other projects were also on track These included the R100m conversion of Iscor's Pretoria works to a stainless steel operation, its Microsteel stainless steel project in Durban, integration of Tosa Seamless Tubes into its Vereeniging works and restoring Iscor Refractories to acceptable profitability

Van Niekerk attributed the success of the offer to "the long lead time, the company's improved profit and cash-flow performances" and preparation in the international capital markets

ARG 4/4/95 189A

Iscor offer a winner

ISCOR has achieved a 96,95 percent acceptance rate for its rights offer of 344 531 002 ordinary shares at 380c a share, to raise R1,3 billion for the funding of new projects

Iscor executive director (finance) Louis van Niekerk attributed the success to the long lead time, the company's improved profit and cashflow performances and the preparatory work Iscor had done in the international capital markets

"We communicated with our shareholders all along the way and see this success as a direct result of improved performance and transparency about our plans and projects," Mr Van Niekerk said in a statement

Only R39,9 million of the offer would be taken up by risk underwriters Genbel Investments and their sub-underwriters

Mr Van Niekerk said a large portion of the R1,3 billion would be used to finance Iscor's 50 percent shareholding in Saldanha Steel

Other projects included converting Pretoria works to a stainless steel operation, integrating Tosa Seamless Tubes into the Vereeniging Works, restoring Iscor Refractories to acceptable profitability levels and the Microsteel stainless steel project in Durban

■ Trailer company **Venter Leisure** lifted profits by 46 percent to R3,8 million in the year to December, with directors forecasting more growth in the current year

A dividend of 2c has been declared, covered 3,7 times

Chairman Michael Katcs, who took over last year after a long dispute with former chairman Pienkes du Plessis, said the profit levels achieved in the group's first year as a public company were not sustainable

Ventel listed in 1992 and reported profits of R10,6 million in the first year

Mr Katcs said the reasons why profits could not be sustained at this level were the subject of legal claims against the original owners of the business Ventel was sold by former owner Jasper Venter to a consortium headed by Mr Katcs in 1991

■ **Real Africa Holdings** has increased its stake in Oceana Fishing Group from 13 percent to 21 percent, for a cash payment of R24,3 million

■ **Perskor** boosted attributable profit 23 percent to R21 million in the six months to December, on the back of an 11 percent rise in turnover The interim dividend is up 2c to 18c — Business Staff, Sapa

SA stainless steel shortage likely to ease by mid-year

(18917) BO 5/4/95

MARCIA KLEIN

THE stainless steel shortage was short term and would ease by mid-year, industry and market sources said yesterday.

Stainless steel producer Columbus said in a statement it was committing all rolled steel capacity to local market needs at the expense of export orders in order to address the shortage

CE Fred Boshoff said the shortage was an international phenomenon as a result of destocking after the 1991-1993 downturn.

Demand for stainless steel in the international markets had increased dramatically since the first quarter of 1994. But in the SA market, stock levels were reduced ahead of the election, and "Columbus had to rely on export markets to maintain volume levels in the mill".

From May, domestic demand suddenly increased to levels higher than Columbus's capacity. It has since restricted export orders to those products where there is a non-bottleneck capacity.

Boshoff said Columbus' inability to keep up demand for cold rolled steel related to the November shutdown of its annealing and pickling line.

"A number of difficulties were encountered during the revamp of that line, and have not yet been fully resolved, resulting in loss of capacity." It was in the process of commissioning the new anneal and pickling plant, and first production was expected in the first two weeks in May.

In the interim, it was trying to "maintain a flow of material to critical industries out of the reduced capacity available".

It was also trying to import material, but as the shortage was worldwide other producers also could not meet demand.

An analyst said the Colombus project was due to its expansion project.

HIGHVELD STEEL & VANADIUM

(1894) FM 7/4/95

Vanadium on a gallop

Activities: *Operates integrated iron and steel works, produces vanadium and manganese alloys as well as ferrosilicons Manufactures drums, pails, crown closures and cans Has one-third share in Columbus Stainless Steel*
Control: *Amic*
Chairman: *L Boyd MD T E Jones*
Capital structure: *90,9m ords Market capitalisation R3,16bn*
Share market: *Price 3 475c Yields 1,7% on dividend, 3,7% on earnings, p e ratio, 26,7, cover, 2,2 12-month high, 4 150c, low, 2 250c Trading volume last quarter, 5,8m shares*

Year to December 31	'91	'92	'93	'94
ST debt (Rm)	163	126	185	258
LT debt (Rm)	57	—	276	717
Debt.equity ratio	—	—	0,02	0,37
Shareholders' interest	0,51	0,54	0,54	0,43
Return on cap (%)	3,5	1,0	2,0	4,6
Turnover (Rbn)	1,38	1,49	1,69	2,14
Pre-int profit (Rm)	72	20	52	142
Pre-int margin (%)	5,2	0,01	3,1	6,6
Earnings (c)	130	80	144	131
Dividends (c)	70	45	50	60
Tangible NAV (c)	1 205	1 246	1 354	1 455

Opinions about this company vary greatly in the market One thing's for sure, though it has returned particularly good results over financial 1994 and appears set to produce a scintillating performance this year

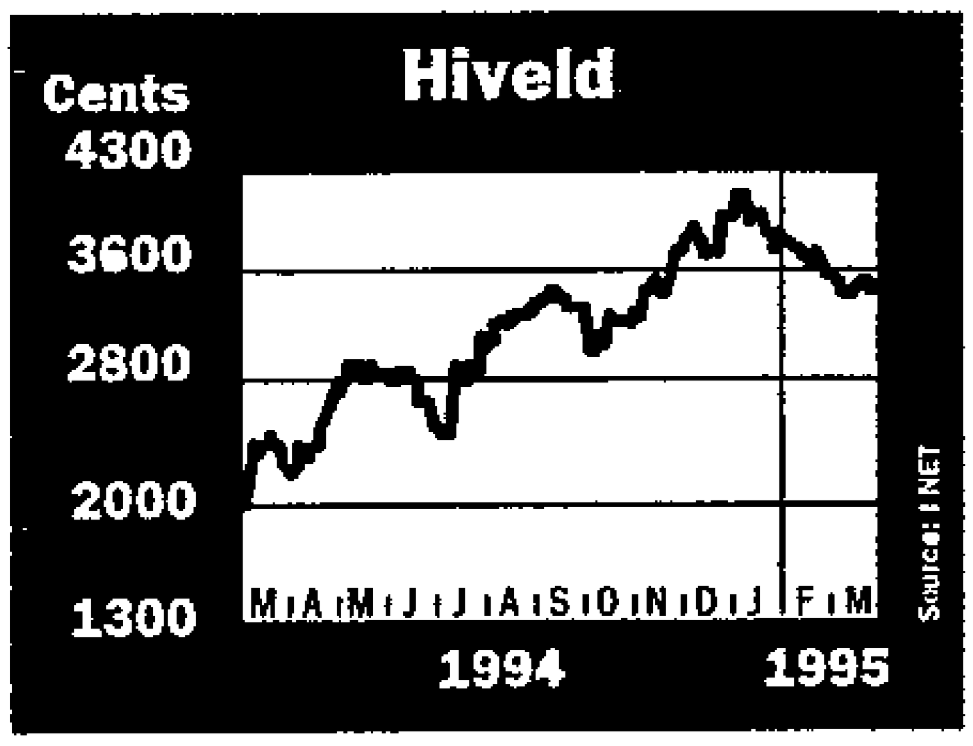
A lot of that is due to the role which vanadium pentoxide plays in its business Highveld is the world's largest producer of this commodity — the basis of the company's origin It stands to reason, therefore, that the results largely mirror events in this area of operations. Over 1994, vanadium's contribution to pre-tax profit appears to have been break-even at best; more likely, it actually lost money

Boyd *demand and price of vanadium swings Highveld's fortunes*

How things change This year, demand for vanadium is on a gallop Chairman Leslie Boyd says it seems likely the second quarter's contract prices will be set at around US$4/lb By contrast, the average in 1993 was $1,48/lb and last year only $1,55/lb. This year it seems safe to work on the average Boyd suggests — still a far cry from the heady spike in the last boom of about $12/lb

Still, the impact on Highveld is profound At this average, vanadium could easily contribute about 40% of Highveld's pre-tax profit this year This explains Boyd's comment that "the great swing area in Highveld's fortunes is always vanadium demand and price"

The other factor in Highveld's equation is its one-third involvement in Columbus stainless steel



Though Samancor has an equal share, the impact of Columbus on Highveld will be more evident because of its size and gearing This is why some brokers are suggesting that Highveld's EPS this year, mostly because of vanadium, will be as much as 375c and 600c in 1996 (as Columbus kicks in)

But Columbus carries some drawbacks. One — the most notable from Highveld's perspective — is the impact it has on the steel producer's balance sheet. In 1993, for example, interest-bearing borrowings totalled R502m From that must be deducted the company's cash pile of R428m, leaving net borrowings down at only R74m.

Last year this situation changed materially Long-term borrowings nearly doubled to R717m (1993 R362m), short-term liabilities went to R258m, cash rose a little to R488m That leaves Highveld with net debt of R487m, much higher than in 1993

This should not be taken to imply the company is in any difficulty It is not. But it does indicate the extent to which the balance sheet has taken strain and the need to rebuild it This explains the continued capitalisation issues (shares in exchange for cash) Though this is optional, most shareholders (96%) elected to take shares in lieu of cash and the policy is likely to continue until balance sheet ratios are restored to more comfortable levels

The Columbus project has reached that awkward stage when most of the construction has been completed and commissioning is under way It is a particularly nerve-racking time for all involved, not least because delays obviously hamper cash flow generation Boyd is comparatively phlegmatic "I'm satisfied that what has been built at Columbus is state-of-the-art technology The design is superb"

The melt shop is due to be commissioned in May By June there should be a clearer indication of the degree of success By year-end, if all goes according to schedule, the hot mill will have been commissioned and Columbus's managers will know how successful they have been Says Boyd "This is an exciting but anxious period"

If there is any complaint about Highveld's performance over 1994 (and there can't be many, given the firm ferro-alloy prices, improved operating margins at Rheem can division and the surge in vanadium demand and prices), it is the poverty of the dividend. Admittedly, this is influenced by the need to preserve cash resources, but paying out 60c on EPS of 131c is hardly evidence of largesse — this is a rate of 46% and compares rather sadly with 1993's 65% and 1992's 56%

No doubt Boyd will argue the cream will come next year when Columbus kicks in and vanadium is reaching dizzy heights If you believe this — and I do — then Highveld's current p e of 27 slumps to about 10 next year and seven in 1997 This is why it is a counter to be accumulated for long-term capital gains. *David Gleason*

DEL MONTE GROUP

The battle continues

FM 7/4/95

About the best that can be said of this food group in the Anglo American Corp stable is that it has stood still over financial 1994

Chairman Graham Boustred doesn't exactly carry a beacon of light for investors when he says "We expect 1995 to be a disappointment too" This assessment is probably based as much on Boustred's obvious concern about the state of international currency rates as on anything

However, and despite that gloom — perhaps intentionally offered so as not to beguile shareholders — there is evidence that the group has made significant progress in low-key, low-visibility areas not easily discernible from the annual report of the three listed companies

The financial statements from Del Monte Royal Foods (Delfood) are sobering on the

Planned steel plant a major threat to lagoon, say experts

ST(CM) 9/4/95 (189A)

By DIANA STREAK

ONE of South Africa's most beautiful and unspoilt tourist destinations is under threat from the proposed construction of a R4-billion steel milling plant at Langebaan on the West Coast

The plant was planned under the National Party government and endorsed by the current Minister of Environment and Tourism, Dawie de Villiers

Scientists have warned of major pollution and irreversible environmental damage to the Langebaan lagoon if the construction of the Iscor Corex plant goes ahead

•

Iscor's own environmental impact study carried out by the CSIR, states "There will be pollution of the water system no matter what preventive measures are taken"

Dr De Villiers approved the plan on the recommendation of the Council for the Environment, which Earthlife Africa has rejected as an old "National Party structure"

Earthlife spokesman Tony Barbour said the Council for the Environment should be completely restructured to reflect the new South Africa

"They just provide a greenstamp for controversial projects," he said

One scientist who has questioned the value of the CSIR study is Dr Martin Fourie, a groundwater expert who lives in Langebaan and has warned of a "Pittsburgh by the sea" if the plant is not relocated

The Saldanha Steel Project would use about 1,7 million tons of iron ore from Sishen to produce about a million tons of hot rolled steel coils each year for export from a site less than one kilometre from the lagoon

White dunes and houses at Saldanha already have a permanent pink tinge from the red iron ore dust exported from the ore terminal

Dr Fourie believes this will increase "significantly" if the plant is sited nearby

'Exceed'

The process will produce about 2 000 tons of foundry dust containing heavy metals each year and "could exceed the legal guidelines for dust within an area of 3 km²" around the steel plant, according to the CSIR study

In an attempt to control the dust the SSP plans to spray it with a soapy liquid which will probably end up in the lagoon

A 100-metre tower with a burning flare will be visible from the entire lagoon area and huge dumps of hazardous waste will be sited close to the Club Mykonos holiday resort

Club Mykonos managing director Don Slade said his company had opposed the rezoning of the site from agricultural to industrial land

The annual waste produced will include about 38 000 tons of hazardous waste, all of which will be stored on an adjacent site on synthetic linings in an attempt to prevent seepage pollution of groundwater

Over the plant's expected 40-year life span the waste on the 220 ha disposal site is expected to reach a height of 25 metres

"We cannot fault the coming of the steel plant to the West Coast but we fault the site," said Dr Fourie

"We would like it to be moved to a site much further away from the sea where there is not the same inflow of ground water, where the groundwater is at a much greater depth There are such sites"

The National Parks Board is totally opposed to the development as it would have a major impact on the West Coast National Park.

"The measures which the SSP would use to mitigate the pollution would only reduce the impact from high to medium significance," a spokesman said

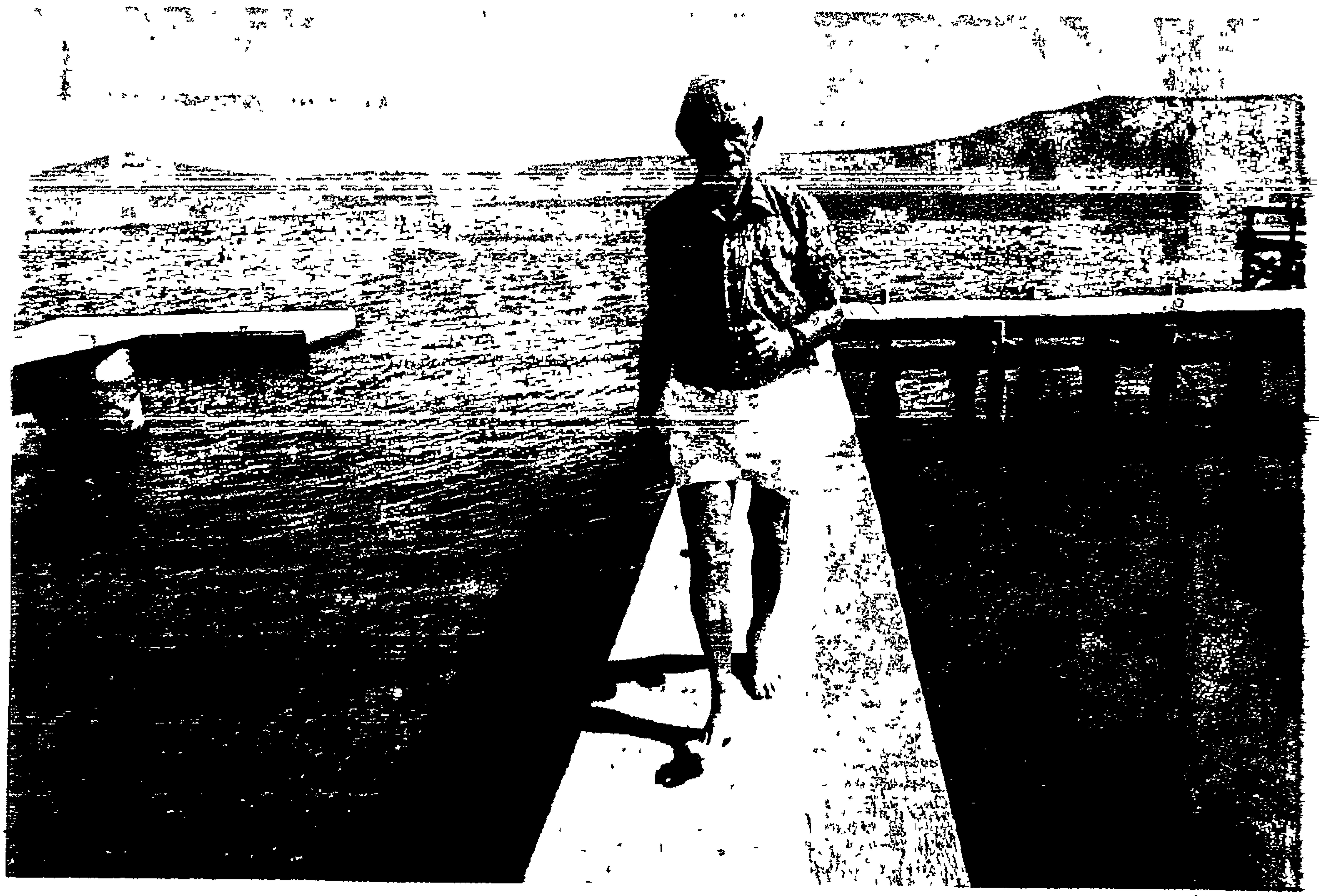
"Is this steel mill in the national interest as it would only create 600 permanent jobs, is it worth the sacrifice?"

By the time the mill ended its lifespan, the lagoon may be ruined, he said

The effects predicted in the CSIR study include a loss of valuable plants and that tall structures would be a hazard to flamingos and pelicans

To page 3

PTC



BLUE LAGOON ... Dr Martin Fourie, a local groundwater expert, is worried about waste seepage into Langebaan Lagoon from th[e] Iscor steel milling plant at Saldanha Pictu[re]

Pollution fears over planned steel factory

● From Page 1 (1891A)

Dust could also possibly affect the viability of the mariculture industry in Saldanha Bay. A high negative impact on tourism because of the cumulative effects of visual intrusion, dust pollution and increases in traffic could occur, and pollution would create a risk of health problems due to dust.

The study proposes possible mitigation measures to be undertaken by Iscor but some environmentalists are concerned that these will not be carried out.

"Our major concern was that no environmental impact study was done on alternative sites at Sishen, Richards Bay and Port Elizabeth," said Mr Barbour.

ST 9/4/95

The Langebaan Lagoon was one of the most species-rich in southern Africa and was particularly vulnerable to pollution because of poor water circulation, he said.

Despite this, no contingency plan had been made in case of oil spillage at the Saldanha harbour which would be expanded to cope with the increased exports.

The Wildlife Society said there had been inadequate foresight about satellite development spawned by the steel plant.

"There is a lot of concern about related industry, including a cement factory," said society conservation ecologist Marlene Laros.

Gefco to continue producing blue asbestos

(189A) CT (BR) 10/4/95

By Derek Tommey

Mining Editor

Blue asbestos producer Gefco says that despite the continued environmental pressure from the anti-amphibole lobby, current indications are that the group will enjoy support from its loyal customers and sales in 1995 will remain at 1994 levels

The chairman of the company, HP Hart, told shareholders in his annual report last week that there was no indication of any change in the supply/demand situation and dollar prices would at best remain static The rand/dollar exchange rate would again play a major role in the final result for the year

The group will continue with its blue fibre operations as long as it remains profitable, he said

Gefco has bought an ash/cement brick plant for R10,25 million which should contribute about 5c a Gefco share after tax on an annualised basis

The Commissioner for Inland Revenue has abandoned an appeal against a previous judgment and a tax provision of R2 million will be reversed during 1995

Gefco paid 17,5c in dividends in 1994 (24,0c in 1993) Turnover last year was R40,7 million (R44,9 million) while income before tax was R10,5 million (R10,6 million) and taxed income was R6,3 million, (R9,3 million) equal to 17,6c (25,8c) a share Cash available from operations was R17,2 million (R34,1 million) Net cash and bank balances rose by R8,4 million (R26,8 million)

At December 31, Gefco had net current assets worth R56,5 million (R53,5 million) as chief executive of Gold Fields — though he remains chairman — some changes have been made in executive responsibilities in the group, it was announced yesterday Alan Munro is executive director and Michael Fuller-Good is general manager of gold operations Peter Janisch is executive director and Helgo Kahle is general manager of coal, base metals and platinum John Hopwood is executive director and Mike Tagg is general manager of corporate finance and non-technical services Richard Robinson is executive director of new business and Clive Wolfe-Coote is general manager of international operations

Maskew Miller in venture with Sached: Book publishing company Maskew Miller Longman (MML) has entered into a joint venture with Sached Trust, one of the oldest educational NGOs, to form Sached Books, with 52,5 percent owned by MML and 47,5 percent by Sached Trust The chief executive of MML, Mike Peacock, said "The focus of the education division is on pre-school, school and teacher training, and that of the development division on consumers, students, neighbouring countries and learners through adult education and distance learning"

Namibians scoop coal transport deal: A Namibian company has won a lucrative contract with the Cape Town city council because it can transport South African coal more cheaply than its South African rivals MacPhail Namibia Coal will deliver about 10 000 tons of coal a month for the city's Athlone power station beginning at the end of April, a senior company source said yesterday The company, a subsidiary of MacPhail Namibia Holdings, will rail coal from an Eastern Transvaal supplier to Richards Bay and ship it to Cape Town The contract is said to be worth about R20 million

CT(BR) CT 11/4/95

PRESSURE
A trader on the Tokyo foreign exchange market flashing a signal during hectic trading yesterday, when the dollar dived to a record low of 80,15 yen
☐ *See inside*
PHOTO AP

Nigeria lifts SA oil restrictions: Nigeria has removed restrictions on the sale of its crude oil to South Africa and Israel, a senior official of state-owned Nigerian National Petroleum Corporation said yesterday Despite the lifting of the UN oil embargo against South Africa in 1993 and the restoration of diplomatic links between Nigeria and Israel in 1992, the African country did not allow its crude to be sold to the two nations

'Sold out' signs go up at Alusaf

(189A)

CT(BR) 11/4/95

By Chris Jenkins

Staff Writer

Aluminium producer Alusaf has signed a number of medium-term supply contracts and is "essentially sold out"

This is in addition to long-term contracts to supply half of the new Hillside smelter's 466 000 ton capacity

Alusaf's general manager (commercial), Johannes Diemont, said "We are committed to the extent that we want to be Although there are plenty of potential customers knocking at our door, we do not wish to get involved in a additional discussions at this stage"

He said the rapid rise in the aluminium world price, spurred by an apparent shortage of the metal, had stimulated considerable interest in the availability of aluminium from the new smelter, which was due to begin the long start up process in June

The sale of half of the Hillside smelter's output is linked to the purchase of alumina According to Alusaf, the company has negotiated long-term competitive contracts with Alcoa, Billiton and Alusuisse

Alcoa has agreed to a 20-year supply of 500 000 tons of alumina a year, Billiton to a 15-year supply of 400 000 tons a year and Alusuisse to sell 300 000 tons a year on a short-term basis to Alusaf's existing Bayside smelter at Richards Bay Alusaf will sell about 50 percent of the Hillside smelter's output back to the suppliers through a tolling arrangement

(189 B)

Alusaf's contracts 'sold out'

In addition to long-term contracts to supply half of the new Hillside smelter's 466 000-ton capacity, aluminium producer Alusaf has signed a number of medium-term supply contracts and is essentially "sold out"

Alusaf's general manager, commercial, Johannes Diemont, said. "We are committed to the extent we want to be. Although there are plenty of potential customers knocking at our door, we do not wish to get involved in a additional discussions at this stage."

He said the rapid rise in the aluminium world price, spurred by an apparent shortage of the metal, has stimulated considerable interest in the availability of aluminium from the new smelter, which is due to begin the long start-up process in June.

Star 11/4/95

Spot market

"We are back-pedalling at the moment because if we tie ourselves down to too large a share of the production, we run the risk of not being able to respond to opportunities that may arise onshore or offshore or to operate on the spot market," Diemont said

The sale of half the Hillside smelter's output is linked to the purchase of alumina.

According to Alusaf, the company has negotiated long-term competitive contracts with Alcoa, Billiton and Alusuisse. Alcoa has agreed on a 20-year supply of 500 000 tons of alumina a year, Billiton on a 15-year supply of 400 000 tpa and Alusuisse to sell 300 000 tpa on a short-term basis to Alusaf's existing Bayside smelter at Richards Bay

FEARS FOR UNIQUE LANGEBAAN MARINE RESERVE

West Coast split over Iscor mill

(189A)

CT 13/4/95

ISCOR'S proposed steel mill between Saldanha and Langebaan may create jobs at the expense of the environment **EUNICE RIDER** reports on the controversy

TWO close-knit West Coast communities Langebaan and Saldanha are split down the middle over Iscor's proposed development of a R4 billion steel plant — less than a kilometre from the Langebaan Lagoon and right between the two towns

Langebaan residents feel strongly that the lagoon — a wetland of international significance supporting the only marine national park in SA — will be polluted, property values will fall and the atmosphere of their holiday village irreparably damaged

But Saldanha residents 10km away feel the town already host to a massive iron ore dump and various large factories will never be a tourist destination and may as well be fully industrialised

Saldanha Afrikaanse Sakekamer chairman Mr Hennie Griesel said the Saldanha business community was very positive about Iscor's Corex steel mill development

He had "heard 100 stories about how the lagoon will be polluted but with development comes growth"

He said Iscor had given undertakings and assurances that they would monitor the possibility of polluting the Lagoon

A spokesman for the West Coast Peninsula Transitional Council (Saldanha Vredenburg and St Helena Bay area) said Iscor had gone out of its way to please residents who were unhappy and the area was now very satisfied

A Saldanha builder who did not wish to be named said the Corex development would help an awful lot" in the creation of jobs in the area

There was fear that outsiders would be employed instead of people from Saldanha and Vredenburg — this is what happened when the harbour was built in the 1970s" he said But (Iscor) have undertaken to employ as many South Africans as possible

Senior Saldanha librarian Mrs Hanneke Strydom said a recent information exhibition had evoked mixed" reactions

Those who are not worried about the shortage of jobs here are the ones who are complaining," she said.

But Mr Louis Penzhorn Sea Harvest managing director disagreed

He said his company opposed the development because it posed a pollution threat to Saldanha's new mariculture industry — mussels and oysters are grown in the area by major fishing companies

"The mariculture industry ultimately provides more jobs to the locals than the steel mill could " he said Between 400 and 500 people would be employed at the steel mill while the relatively new mariculture industry already employed about 200 people

We expect to employ many more people as this industry takes off in the next few years he said

Langebaan residents are also opposed to the development — here the town council the National Parks Board representative shopkeepers residents and an estate agent all feel the present siting of the factory will damage the lagoon and the town irreparably

A determined protester is retired groundwater scientist Dr Martin Fourie also a member of the Langebaan Transitional Council, who says the site is right on a direct groundwater flow line to the lagoon which will be polluted 'with catastrophic consequences"

He said the preliminary environmental impact report commissioned by Iscor had made my hair stand on end

He claimed the CSIR had told Iscor that no matter what precautions they took, they would be polluting the lagoon.

'It s not even going to create a lot of jobs Once the mill is up and running they intend to keep a staff of only 590 people, and a lot of those will be technical experts from other areas and overseas."

He said the Langebaan Transitional Council and most residents were against the development.

He was also beginning to draw support from environmental and marine experts at UCT, and he hoped they would get the mill site moved or the development stopped altogether

Mr Otto Von Kaschke warden of the West Coast National Park the country's only marine national park said yesterday he questioned the advisability of developing the steel mill on the site identified because it was a "dangerous '900m from the lagoon

He said the National Parks Board was not opposed to development but did not want the mill placed so close to a wetland of international significance"

We question whether Iscor gave alternative sites proper consideration or whether they simply discounted them as being too costly Pure economics is not always the answer " he said

The Western Cape had a tremendous future in tourism because of the peace and tranquillity of the area but "heavy industry and the associated industries which will pop up as a result will affect tourism negatively '

Langebaan cafe owner Mrs Aysha Dalwai said she welcomed new jobs, but 600 once the mill was running was "very little"

Effluent

"I am worried about the lagoon Iscor have made promises to look after it but that remains to be seen," she said.

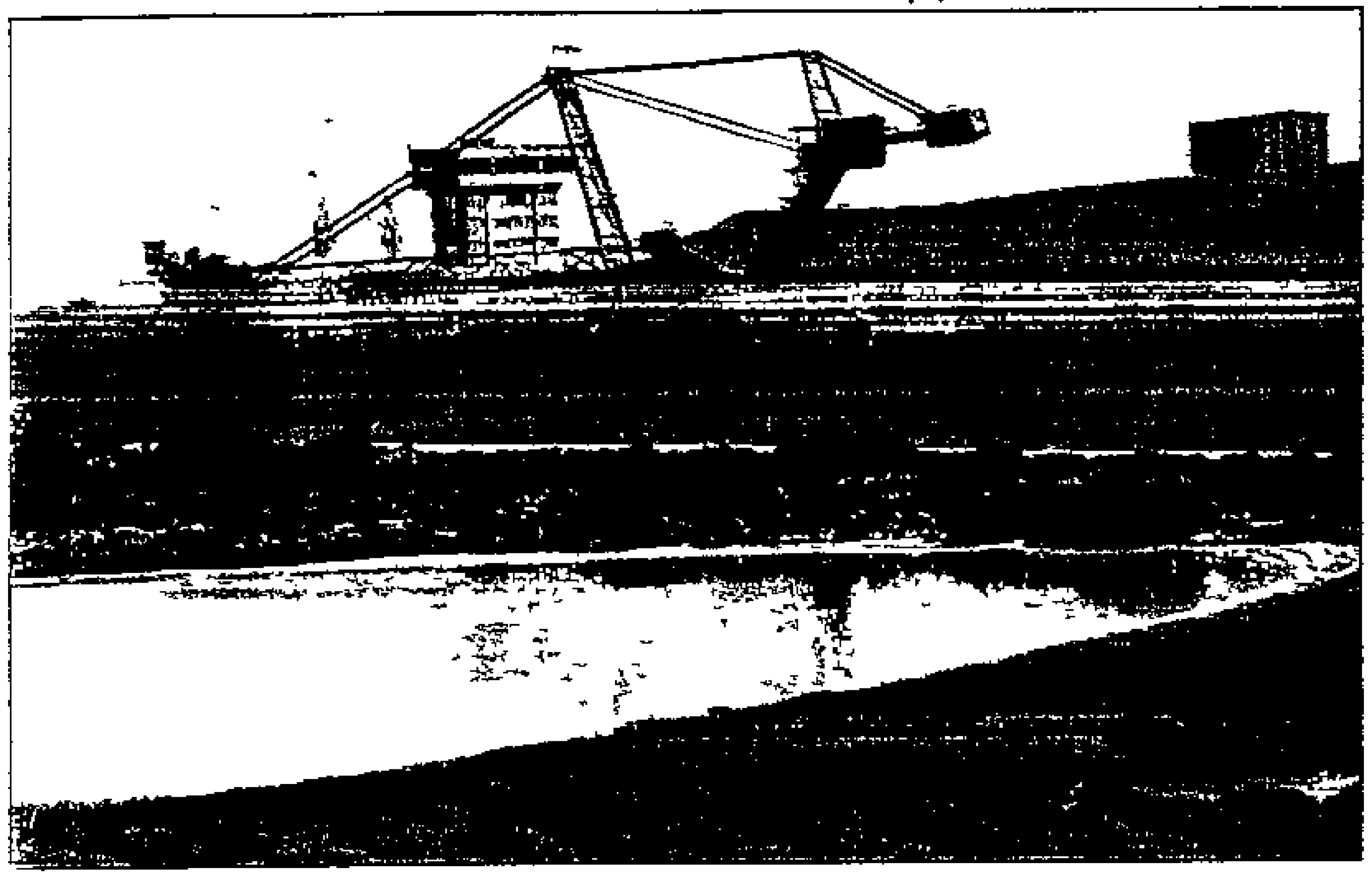
Mrs Erna Hills a Langebaan estate agent, was afraid property prices might be adversely affected by an unsightly steel mill and industrial effluent The mill will be visible over 10 to 20 km away

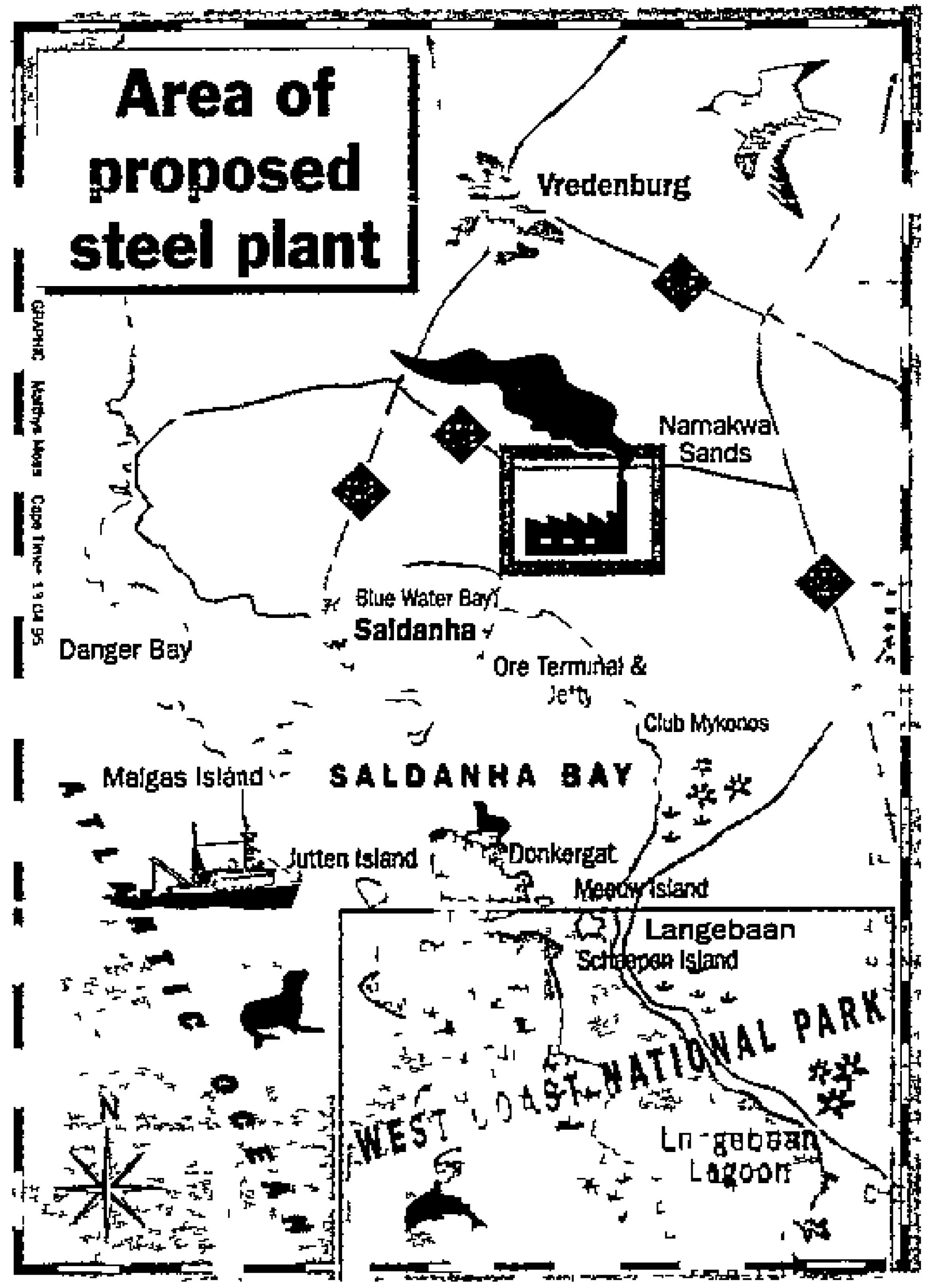
She said she recently finalised a deal on a small plot at Church haven for R350 000 but the buyer called her to cancel as soon as he heard about the development

Langebaan town clerk Mr Floris Brand said the town council felt the development site should be further inland because of the possibility of polluting the lagoon

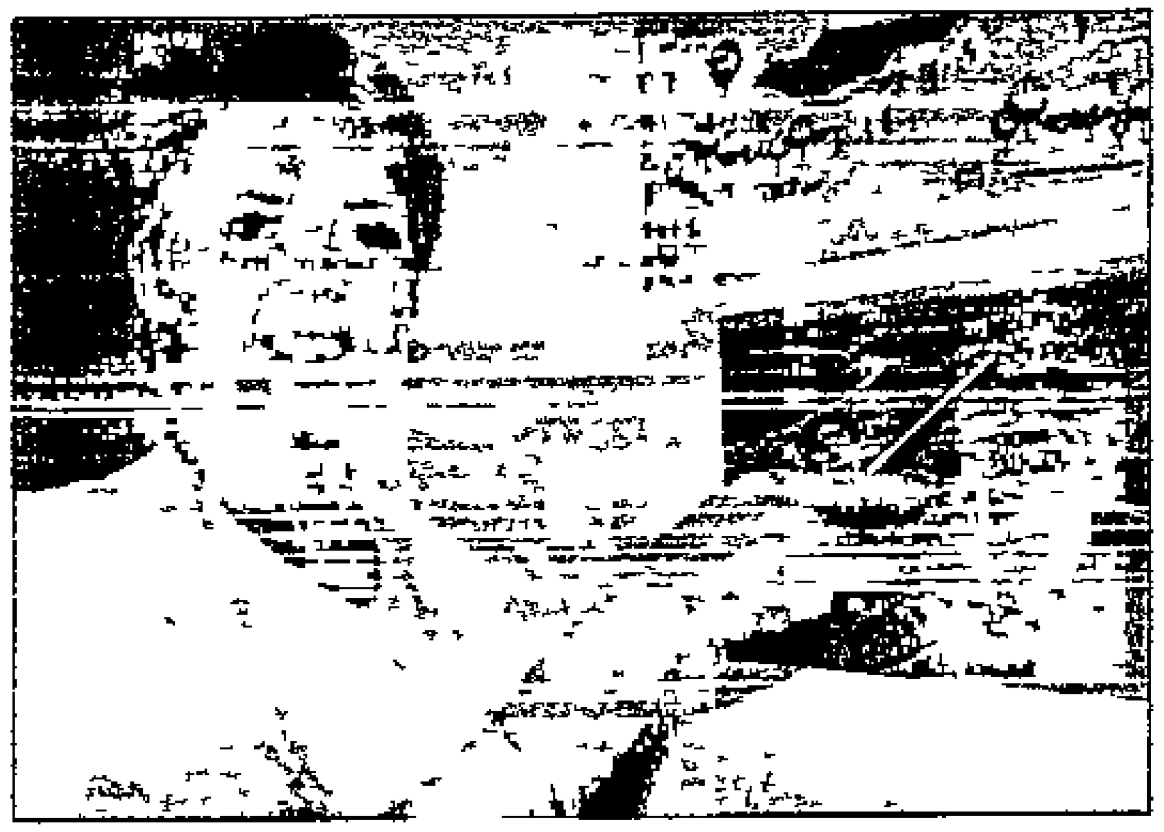
The council had lodged its objections to the rezoning of the area, but Iscor had responded that they felt they had addressed complaints adequately and made proper provisions to prevent pollution

Iscor say they are ' as green as anyone else" and have committed themselves to following all Langebaan Council conditions and CSIR recommendations to minimise environmental effects They insist no other sites for the plant are economically viable





EYESORE. The 12-metre-high iron ore terminal dumps now at Saldanha (above) The new steel mill s waste dumps are expected to be twice as high, at 25m (six or seven storeys) The graphic above shows where the development will be situated less than a kilometre from the lagoon It will be visible up to 20km away PICTURE. ALAN TAYLOR



WORRIED Estate agent Ms Erna Hills shows where he steel plant will be sited She is worried property values will fall PICTURE. ALAN TAYLOR

OPPOSED Groundwater scientist Dr Martin Fourie

Talks with Iscor workers collapse

B/Day

(189A) ERICA JANKOWITZ

NEGOTIATIONS about the dismissal of several hundred workers from Iscor's Vereeniging plants after an illegal strike, broke down on Tuesday with the National Union of Metalworkers of SA refusing the company's offer of re-employment.

Numsa general secretary Enoch Godongwana claimed about 1 700 workers were fired on April 7 after failing to heed a return-to-work ultimatum after a strike sparked by a shop steward's dismissal

An Iscor spokesman said only 300 workers had been dismissed from the two plants Production had been disrupted for a few days but was back to normal with the employment of temporary workers The strike began on March 29 He said all 260 Numsa members from the Klip works were dismissed, as well as about 40 from the Vaal works. 13/4/95

Godongwana said workers were dissatisfied with management's inflexibility in dealing with public holidays as some commemorative days were important to workers These included March 21 and June 16.

However, Iscor, as a continuous operation, insisted on normal production on these days at premium rates of pay. An agreement to this effect was in place

Iscor said the shop steward was dismissed for being absent on March 21 Correct dismissal procedures were followed as he had a final written warning on file

The shop steward, however, returned to work Godongwana said the man was then arrested for trespassing This sparked the strike and subsequent dismissals.

Numsa would not accept management's offer of re-employment as the union wanted dismissed workers reinstated, including the dismissed shop steward

Steel project: Cabinet to decide

CT 19/4/95 (189A)

ANTHONY JOHNSON
POLITICAL CORRESPONDENT

THE proposals for the establishment of the Saldanha steel project were of such importance that there would have to be a provincial cabinet decision on the development, Western Cape Premier Mr Hernus Kriel said yesterday

Responding to a question from Mr Joe Marks (DP), Mr Kriel said he still had to weigh the pros and cons of the development

"I have not yet had the time or the information to apply my mind to the issue but as soon as I am in the position to do so, I will," he told the provincial legislature

Mr Kriel said the 1973 guide plan involving the building of the railway line from Sishen to Saldanha envisaged that some form of beneficiation of ore reserves occur

As a result of objections to the latest plan from a statutory body — the Parks Board — he was obliged to consider the matter

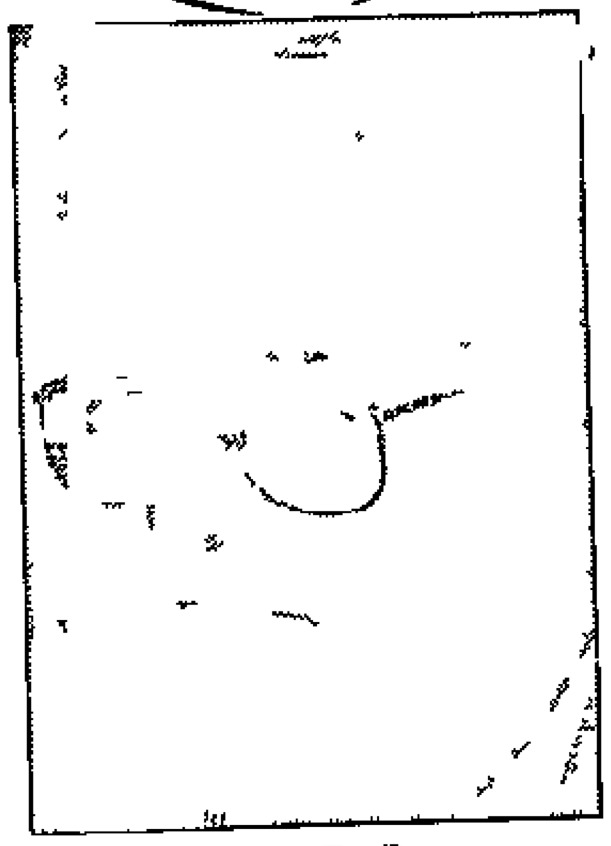
However, the issue was of such importance that the provincial cabinet has to decide on it

He said the cabinet would also have to decide on the proposed residential development within the Rietvlei protected area

The Minister of Finance, Nature and Environmental Conservation, Mr Kobus Meiring, told the legislature yesterday that according to legal opinion a decision by his predecessor to approve the 360 residential sites inside the protected area was beyond his authority

This was because the province had only received the powers necessary to make such a decision on April 7 this year, he said

Mr Meiring said although he now had the power to decide, it was so sensitive the cabinet would have to examine the issue



WEIGHING UP: Premier Hernus Kriel

Metalworkers' wage talks start in earnest

(189A) Star 19/4/95

LABOUR REPORTER

First-round annual wage and employment-condition talks between representatives of 275 000 workers and employers in the metal industry swung into action in Johannesburg yesterday.

Representatives of more than 9 000 companies and the 13 registered unions in the industry will focus on union demands for a 15% wage increase and a reduction in the wage gap between artisans and labourers.

Current talks are to end today, and two more negotiating rounds will follow in the next two months.

Employers' associations under the Steel and Engineering Industries Federation of SA (Seifsa) have formulated three main proposals to be put to the negotiating forum.

The proposals cover the elimination of unnecessary industrial council notification requirements by employers, the elimination of obsolete provisions from the industry's main agreement, and the introduction of more flexible conditions of employment.

The industry's 13 trade unions are proposing salary increases ranging from 15 to 25%, Seifsa has said.

It said other union demands included a 5% wage improvement for lowest-paid employees to close the wage gap between artisans and labourers, the introduction of a stand-by allowance, and the extension of the main agreement to cover former homelands and TBVC states.

The unions also demanded a reduction in hours of work without loss of pay, increased paid leave entitlement, payment by employers of 1% of their wage bill to the Reconstruction and Development Programme, and guaranteed paid training time for employees.

Unions insist on more

sowetan 21/4/95 (189A)

By Abdul Milazi
Labour Reporter

ALTHOUGH trade unions in the metal industry have rejected the Steel and Engineering Industries Federation of South Africa's opening offer of a 7,5 percent wage increase, they were yesterday positive of securing a better offer as negotiations progress

The 13 unions in the industry are demanding a wage package that includes increases ranging from 13 to 33 percent, a minimum wage rate increase and the revision of the job grading and training system

Seifsa however, wants no increase on the current minimum wage rate "to stimulate further employment opportunities", and also wants non-wage issues to be discussed separately

The National Union of Metal workers of South Africa rejected the employers offer, saying it was not interested in separating the wage issue from the rest of the demands

Metal and Electrical Workers Union of SA general secretary Tommy Oliphant said although this year's Seifsa offer was better than last year's, the unions and employers were still far apart Oliphant said the unions also wanted the current 13 job grades to be reduced to five to close the wage gap between skilled, semi-skilled and unskilled workers

'No decision' on Saldanha steel project

(189)

EUNICE RIDER

AN irate Western Cape Minister of Planning Mr Lampie Fick said yesterday no decision had yet been taken over the Saldanha steel project planned for less than a kilometre from Langebaan Lagoon — a protected conservation site

He strongly denied weekend newspaper reports that the controversial project had received the go-ahead CT 24/4/95

He said a decision on whether the agricultural area earmarked for the steel mill should be rezoned to allow the development could be expected in "about a month", and depended on specialist research and the decision of the full executive council of the Western Cape

"Because the final decision on whether or not the factory plan goes ahead holds such wide implications for the Langebaan and Saldanha areas, and for the Western Cape as a whole, I would like to make it very clear that no decisions have yet been taken and that they will not be taken by me alone"

Mr Fick said an unnamed spokesman for the environment ministry had told local newspapers that unless the Parks Board could come forward with "substantial new information", the steel mill could go ahead

He said the story was incorrect and misleading.

PROJECT 'COULD BE TICKETS FOR LAGOON'

Steel mill: New protest

CT 25/4/95 (189A)

OBJECTORS to the siting of the Saldanha steel project are threatening to go to court. **EUNICE RIDER** reports.

A GROUP of scientists and conservationists opposed to the development of the controversial Saldanha steel project near Langebaan Lagoon — a protected conservation site — demanded yesterday that the issue be re-opened for objections

The group members, who do not yet wish to be named as they say that politically the issue is extremely sensitive, said they would consider taking court action unless the Minister of the Environment, Dr Dawie de Villiers, re-opened the issue for public objections

They claimed interested and affected parties had been falsely led to believe the area earmarked for the proposed mill was already rezoned from agricultural to industrial and that this was borne out bv a CSIR specialist report, when in fact the application was still being investigated by the Western Cape Minister of Planning, Mr Lampie Fick, and Western Cape Premier Mr Hernus Kriel

"Saldanha Steel (owners of the proposed steel mill) has already ordered materials for the development, as if the project were a fait accompli," said a spokesman

The new opposition body said it enjoyed "wide and growing support" to have the issue re-opened for public opinion because many people who would have lodged objections had they known the matter was still open, had felt there was no point in doing so

Factories

The group also felt that a second environmental impact assessment on the extensions to the harbour — which is to be dredged and blasted to deepen it — was an integral part of the steel project, and the results might affect the decision of the Council for the Environment and the minister to permit the development to proceed

A UCT marine biologist with a master's degree and who is completing his doctorate, said yesterday he was distressed that the CSIR's environmental impact reports on the proposed mill it did not take into consideration the effects of other factories, such as cement and steel product factories, that would mushroom up around the steel mill

"The steel mill is just the key to the door of heavy industry for the Saldanha Bay and Langebaan Lagoon area

"Once there's one massive factory in the area it will not be possible to stop others, and because environmental impact studies are not required by law, there is no guarantee that they will bother with them It will be tickets for Langebaan Lagoon "

Kriel deluged with protests over Iscor plan

(189A)

☐ *'Don't make another mistake' — plea*

APG 25/4/95

Environment Reporter

A BARRAGE of letters objecting to the proposed Iscor steel mill on the edge of Langebaan lagoon near Saldanha Bay has arrived on the desk of Western Cape Premier Hernus Kriel

The letters, from all over the country and including at least one from a foreign visitor, express concern about pollution and a detrimental environmental effect on the popular lagoon

C Simerie of Langebaan asked what would happen to the town and its inhabitants if the steel processing factory was given the go ahead

"I feel it's unjust that the inhabitants of Langebaan should be exposed to pollution

'Think of our families and children, all the sicknesses that we will be exposed to We can't allow this to happen to Langebaan"

Regular Langebaan holidaymaker M Geldenhuys of Riebeeck West said the lagoon was used for several water sports, "to say nothing of its sea life

"I don't think it's such a good idea to construct such a factory near Saldanha Please think again and investigate whether there's not possibly another solution to this issue"

Paul Williams of Welgemoed said there was "plenty of suitable land" a few kilometres inland

"No steelworks, however modern, is clean or suitable to be placed near a residential or holiday area

"We already have Koeberg Mossel Bay and the refinery at Milnerton Don't make another mistake'

Dutch visitor J A Hendriks of New Amsterdam said the proposal was frightening and she would not recommend tourists to the area if the factory was allowed to be built there

C M Brink of Krugersdorp said the factory would definitely damage the environment and cause pollution.

'Leave Langebaan as it is — a pleasure to the eye' Mrs Brink said

Truida Nolte, no address given, said she was a concerned conservationist who knew the West Coast well

"I would like to remind you that future generations will hold us responsible for decisions made affecting this country s natural beauty

"The short term economic benefits will be heavily outweighed by the long-term environmental damage

Mary Lyhne of Newlands appealed to Mr Kriel not to 'destroy' Langebaan's beautiful environment

'Think of the birds animals air and people Save this paradise for our grandchildren and yours she wrote

First-time visitor Lisa Lyhne of Troyeville said she had been delighted by Langebaan s natural beauty and bird-life

So it was with shock and dismay that I learnt of Iscor s plans This is an area to cherish and protect, and I urge you to reconsider the decision

"Future generations will be denied the beauty of this place and will judge you harshly

Gina Jarman of Langebaan Road told Mr Kriel tourism was worth "much more' than the steel mill could generate and that he would always be associated with the decision

She quoted Edmund Burke Nobody made a greater mistake than he who did nothing because he could only do a little'

DP leader calls for snap debate

Political Correspondent

CONTROVERSY over Iscor s proposed R4 billion steel plant at Saldanha has prompted a request for a snap debate in the Western Cape legislature

The request was made to Speaker Willem Doman yesterday by Democratic Party leader in the province Hennie Bester

Mr Bester believed the level of public concern about the development warranted a debate of urgent public importance'

"There is serious public concern that the siting of the plant could have an extremely negative impact on the environment '

He said the area in the immediate vicinity of the proposed plant "consists of a national park, which includes a wetland area, with important international significance and is a major tourist attraction"

In debate last week, Nationalist legislator Antoinette Versfeld called for the strictest possible environmental conditions being imposed on the project, if it were approved

Earlier in the week premier Hernus Kriel said a decision on the plant was so sensitive it would be taken by the full provincial cabinet

Ms Versfeld said that while she appreciated the need for development in a region crying out for jobs and investment, she was deeply worried about its impact on the environment

Premier will visit foreign steel mills

Environment Reporter

WESTERN Cape Premier Hernus Kriel will visit steel plants in Europe during his coming trip to see what environmental impacts the proposed Iscor steel processing plant at Langebaan lagoon is likely to have - if it gets the nod

This was disclosed by regional Minister of Agriculture Tourism and Planning Lampie Fick

Mr Fick was reacting to reports that a spokesman for national Environmental Affairs Minister Dawie de Villiers had said the controversial plant close to the West Coast National Park would be approved unless the National Parks Board came up with ' substantially new information

Mr Fick said the proposed plant had not been approved and that a decision would be taken collectively by the regional cabinet

The ground earmarked for the steel plant is zoned agricultural and is subject to a rezoning application

Mr Fick said the application and objections were being considered by an evaluation committee

'Because the final decision about the construction of this plant has such wide implications for Langebaan and for the Western Cape as a whole I will not take a decision on the rezoning on my own but will refer it to the full executive committee of the West ern Cape parliament' This would be in about a month

Businessmen pay steel mill protesters

CT 26/4/95 (189A)

EUNICE RIDER

ABOUT 200 protesters, mostly unemployed, yesterday demonstrated in the city in favour of the proposed Saldanha Steel mill in Cape Town — and their transport costs, lunch and posters were provided by the Saldanha Afrikaanse Sakekamer

Saldanha councillor and a representative for the protesters, Mr Aubrey Coetzee, said the protesters were unemployed people from the area who did not wish to see the Saldanha steel project moved to another town

Environmentalists, concerned with pollution of the Langebaan Lagoon which is less than a kilometre away from the proposed development site, are opposed to the controversial project

Mr Coetzee said Saldanha and Vredenburg businessmen in favour of the proposed R4-billion steel mill, and the Afrikaanse Sakekamer, had paid for the three buses in which the protesters came to the city, "and even gave us lunch-money to come to town today"

"They want us to show the people in Cape Town that we want steel in Saldanha," Mr Coetzee said.

The protest took place in front of the CPA building

Saldanha Afrikaanse Sakekamer chairman Mr Hennie Griesel yesterday admitted that the body had "organised the protest as part of an effort by our community and the Saldanha-Vredenburg business sector, to state our position"

RENT-A-DEMO: About 200 protesters, many unemployed, yesterday demonstrated in favour of the proposed Saldanha steel mill. Expenses were paid by Saldanha's Afrikaanse Sakekamer *PICTURE: BENNY GOOL*

Steel mill rezoning still undecided

(55). (189A)
BD 26/4/95

EDWARD WEST

CAPE TOWN — The planned construction of Iscor's steel mill at Saldanha Bay was still on schedule even though the Western Cape provincial government had not yet taken a decision to rezone the proposed site, an Iscor spokesman said this week.

In terms of the feasibility studies, construction was scheduled to start in mid-1995. Western Cape planning minister Lampie Fick said yesterday a decision on the rezoning to industrial land from agricultural land was likely "in about a month"

Provincial government sources said environment minister Kobus Meiring would broach the rezoning issue during his department's Parliamentary budget vote today.

The rezoning of the proposed site for the steel mill — to be situated less than 1km from the Langebaan Lagoon — has drawn environmental concerns from parties such as Club Mykonos and the Langebaan municipality

The National Parks Board denied reports that it had objected to the establishment of the steel mill, saying it had not yet formulated its stance.

The Iscor spokesman said the group had had to place a substantial product order for the proposed plant so that the project could qualify for the section 37E accelerated depreciation write-offs on capital projects

Protests 'may sink mill'

CT 27/4/95 (SB) (189 H)

PLANS for a R5 billion steel mill at Saldanha are in serious danger of being scuppered because of delays caused by protests against the project, Iscor confirmed yesterday

Spokesman Mr Neels Howard said negative publicity had already caused a costly three-month delay

Although Mr Howard conceded further delays "can sink the project", he would not be drawn on how much time would have to pass before this became a reality

And yesterday Iscor's largest private shareholder, Mr Ian Moultrie, publicly rejected managing director Mr H J Smith's contention that shifting the proposed site inland would affect the company's competitive advantage

The revelation came via the DP's Mr Hennie Bester, to whom Mr Moultrie sent a copy of the letter in which he berated Mr Smith for "seriously underestimating both the logic and the passion of your critics, and the long-term costs of ignoring them"

Iscor has threatened to move the mill elsewhere if they are forced to relocate to another proposed site 10km away The current site is near the iron ore quay

Reading the letter in the Western Cape legislature, Mr Bester quoted Mr Moultrie as saying that even if resiting cost R100 million, three percent of the total estimated R3,64 billion capital cost, "competitive advantage would not be materially affected"

International

Speaker after speaker objected to omissions in the CSIR's environmental impact study which supports the current siting

These included Iscor's intention to double the million-ton a year output of steel within five years, the Ramsar Convention's declaration of Langebaan as a wetland of international importance and Saldanha being the country's top mussel cultivation centre

Both Mr Bester and his NP colleague Mr Ryno King were sceptical of Tuesday's pro-Iscor "rent-a-crowd" protest, saying half the desired 600 jobs would go to highly trained overseas specialists

Replying, Mr Lampie Fick, Minister of Agriculture, Planning and Tourism, said he had appointed former UCT Environmental Evaluation Unit head Dr John Raimondo to assess the CSIR impact study

Mr Fick and Premier Mr Hernus Kriel will visit similar steel mills in the US, Canada and Europe next week Mr Fick and Dr Raimondo would also meet several environmental groups

The full Western Cape cabinet will take the final decision before the end of May

● Regional Environment Minister Mr Kobus Meiring said yesterday it was "vital" the Western Cape did not lose the factory

He said: "It is not every day a province gets the chance for such a worthwhile industry which will create all sorts of other job opportunities. We must be careful not to let Iscor slip out of our hands — but I'm not saying the factory should be at Saldanha" — Staff Reporters, Political Staff

CAPE TIMES
BUSINESS REPORT
SOUTH AFRICA'S NATIONAL FINANCIAL DAILY

Tough cost-cutting at Tongaat Hulett sees earnings up 53%

CT(BR) 27/4/95 BR (189A)

Results exceed analysts' expectations but, with drought likely to knock the sugar division next year, the pressure won't let up

BY JOHN SHERROCKS
KWAZULU NATAL BUSINESS EDITOR

Sugar and aluminium group Tongaat Hulett outdid the high expectations of analysts by posting a 53,2 percent rise in earnings per share to 273,4 cents for the year to March 31

For Cedric Savage, managing director, who steered the Durban-based group through tough cost-cutting measures, the impressive results are especially sweet.

"The past year saw the benefits of restructuring and rationalisation programmes implemented to reduce costs and increase competitiveness, together with the impact of selective investment in production facilities," said Savage

The pressure will not let up in the forthcoming year, particularly in the sugar division, which will be hit by drought

For the reported financial year, sugar production was 35 percent up on the previous year One analyst calculated that this year's profits could decrease by as much as R50 million as a result of the drought.

"As we move towards full capacity in some of our divisions, we are investing in our core businesses to allow them to expand further

"Our strong cash flow position is assisting us in this regard," Savage said

He said all divisions had performed well and each held potential.

For the first time, turnover topped the R4 billion mark (R4,42 billion), an 11,2 percent increase over the previous year's figure of R3,97 billion

Cedric Savage

Operating profit for the year rose by 53,4 percent to R408,9 million (R266,5 million) as a result of further cost reduction and improved operating efficiencies

Financing costs were well contained at R37,8 million, resulting in a record profit before tax of R371,1 million Although taxation also rose substantially, to R123,1 million, attributable earnings topped R248,7 million, a 55,1 percent increase The dividend for the year, of 100c, is 44,5 percent above last year

The group's improved financial position is reflected in its balance sheets which show a net cash-positive position of R119,8 million at year end

Responding to analysts' questions as to how the R1,75 billion aluminium rolled-products expansion in Maritzburg would be financed, Savage said the group was negotiating to sell 50 percent of, its investment in Hulett Aluminium to proposed joint partners in the project, Amic and the IDC, which would acquire 30 percent and 20 percent respectively

Iscor's top shareholder slams MD

(189A)

CT(BR) 27/4/95

By Chris Bateman

Iscor's largest private shareholder, Ian Moultrie, yesterday publicly criticised his managing director, HJ Smith, for his opposition to the shifting of the proposed Saldanha steel mill site from ecologically sensitive Langebaan lagoon

The revelation came via the Democratic Party's Hennie Bester, to whom Moultrie sent a copy of a letter in which he berated Smith for "underestimating both the logic and the passion of your critics, and the long-term costs of ignoring them"

Threatened

Iscor has threatened to move its R3,64 billion steel mill elsewhere in the country if it is forced to move to a site 10km away from the lagoon, which has internationally recognised wetlands

In a snap debate on the issue in the Western Cape legislature, Bester quoted Moultrie as saying that even if the re-siting cost 3 percent of the estimated R3,64 billion capital cost, "competitive advantage would not be materially affected" During the session, speaker after speaker criticised the CSIR's environmental impact study, which supports the current siting

'Vital for economy of the West Cape'

(189A)

ARG 27/4/95

Environment Reporter

ISCOR'S proposed R4 billion steel plant is vital for the Western Cape economy, although it does not necessarily have to be built on the Langebaan lagoon-edge site presently proposed, says regional Finance and Environmental Affairs Minister Kobus Meiring.

And the Wildlife Society says the brief to the environmental consultants who managed the plant's impact assessment process was too narrow.

In his budget speech yesterday, Mr Meiring said the major problem was that the environmental impact assessment had been done simultaneously with planning for the steel project.

"There are therefore still several outstanding environmental aspects.

"It is therefore necessary that more studies are done about the impact of the project before we can in any way take a decision.

"The possibility must be investigated of another suitable site in that area which, although more expensive, may have less impact on the environment."

Mr Meiring told journalists there was no "quick fix " solution, but that it was essential for the plant to be built in the Western Cape.

"It's not every day a province gets an opportunity like this," he said.

In a statement, the Wildlife Society's Western Cape manager, Andy Gubb, and conservation ecologist Marlene Laros, said the process of involving the public when considering alternative sites for the plant had been almost non-existent.

The brief had not included the environmental assessment and evaluation of sites at Sishen, Richard's Bay, Port Elizabeth, Saldanha and Newcastle.

These had been evaluated on the cost to Iscor only.

The brief had also not included a detailed assessment and evaluation of alternative sites within the greater Saldanha area — with full public involvement — or an assessment of the cumulative impacts of the industrial complex which would develop if the steel project was approved.

Environmentalist to check steel mill plan

ARGT 27/4/95 (189A)

Political Correspondent

RESPECTED environmental specialist John Raimondo is to reassess the report on the impact of the proposed controversial R4-billion steel mill at Saldanha Bay

This was announced yesterday by provincial Environment Minster Lampie Fick in a snap debate on the controversy, called by Democratic Party regional leader Hennie Bester

Most speakers favoured the development going ahead on an alternative site

Mr Fick also announced that he and Dr Raimondo would visit two similar projects in the United States and Canada next week

Dr Raimondo, former general manager of the University of Cape Town's environmental evaluation unit and acknowledged authority in the field of "integrated environmental management", will advise Mr Fick on the adequacy of the CSIR's environmental impact assessment, and on how to address any shortcomings he may find

Mr Fick's recommendation will be given to the provincial cabinet, which has until the end of May to make a decision

Concluding one of the most concordant debates of the session, Mr Fick said yesterday he was not yet in a position to make a recommendation, and the challenge was to balance environmental interests with those of development

"There should not be winners and losers, but rather only winners," he said, adding that the decision "will be as well considered and as responsible as can humanly be possible"

Introducing the debate, Mr Bester argued for the development being established at the alternative site

"We need this project, but not at all costs There is a win-win situation here"

It was clear the extra cost of moving to another site would not hamper the company's international competitiveness

Nationalist Ryno King said there were cogent arguments on both sides of the debate, but it was essential the alternative site be properly investigated, even if it was the more costly option.

Fellow Nationalist Antoinette Versfeld made a plea for strict environmental controls and monitoring of the development

ANC legislator and Deputy Speaker Cecilia Ramotsamai called for a new independent study She also said the local community, desperate for jobs, was being misused by vested interests

It was not being fully [illegible]formed of all the possible co[illegible]sequences of the developme[illegible], but merely told jobs a[illegible]d houses would result from it.

"We cannot reject the development, but we must have a proper study that is transparent, inclusive and honest," she said

Steel mill is 'unlawful'

ARG 28/4/95 (189A)

WILLEM STEENKAMP
Weekend Argus Reporter

■ A Cape attorney together with several groups of concerned Langebaan citizens intends to seek an urgent interdict to prevent the rezoning of land at Saldanha which would open the way for the multi-million rand Iscor steel project

A PROMINENT Cape Town attorney has threatened to interdict the Western Cape regional government from rezoning land at Saldanha on which Iscor plans to build its controversial steel mill

In a letter addressed to the office of Hernus Kriel, premier of the Western Cape, Tinus Slabber of Tinus Slabber and Associates points out "it would be unlawful to allow a rezoning (of the land in question), which will result in a serious nuisance to neighbours

Mr Slabber who is a Langebaan property owner, acts on behalf of himself and other concerned groups and individuals who own property or live at Langebaan

In his letter to Mr Kriel Mr Slabber further points out rezoning would contravene section 29 of the constitution, which states unequivocally that all citizens are entitled to an environment which is not detrimental to their health or well-being

"It is thus our intention, unless we receive appropriate undertakings from yourselves, to seek an urgent interdict to prevent you from approving the applications"

In a separate letter to Iscor and the Industrial Development Corporation of South Africa, Mr Slabber writes that it was clear from the Council for Science and Industrial Rersearch environmental impact report on the steel mill site that there would be both groundwater and steel-dust pollution from the proposed mill

He writes "Contrary to earlier reports it now appears the property you intend using for the steel project has not yet been zoned for that purpose

"I hereby advise you that myself and other concerned parties intend applying for an urgent interdict in the Supreme Court should you proceed with the proposed steel plant in the proposed area or a similar location"

Mr Slabber goes on to say that the steel mill would have a detrimental impact on its neighbours His said members of his family were extremely sensitive to dust pollution and suffered intensely from allergies and sinus problems — problems which would undoubtedly be exacerbated by the steel plant.

"Your pollution of the groundwater and the Langebaan Lagoon will detrimentally affect my enjoyment and the health and well-being of my family and other citizens

"The nature of the project will have a severe impact on the entire area including vegetation, tourism and general ambience This is a pristine environment which you will disturb"

■ Earlier this week provincial Environment Minister Lampie Fick announced that respected environmentalist John Raimondo would take another look at the CSIR's environmental impact assessment Mr Raimondo will advise Mr Fick on the adequacy of the report and on how to address any shortcomings he may find

The provincial cabinet has until the end of May to make a final decision on the issue

Alusaf faces acid test on fragile world market

BD 28/4/95

Own Correspondent

LONDON — The profitability of Alusaf could be under pressure as soon as it went into production later this year, Africa Analysis reported yesterday (189A)

"The world market, flooded with exports from the former Soviet Union, has only just recovered from an earlier price fall and the advent of 466 000 tons a year of extra output from Alusaf could be enough to tip it back over the brink."

The journal added that the frail market also cast doubt on Nigeria's plan for a 180 000-tons-a-year smelter, for which initial engineering and project monitoring contracts had already been signed

Last year, aluminium prices languished at about $1 100 a ton, following the surge in former Soviet exports to London Metal Exchange warehouses in Rotterdam Former Soviet output, previously geared to the demands of vast defence and aerospace industries, was diverted into the world market resulting in a 1,5-million-ton oversupply.

An agreement recognising the need to restrain production was signed by Western producers last year and prices drifted slowly back up, reaching $2 200 in January.

"But the situation remains fragile some Russian and Western producers have already brought spare capacity back on stream and by mid-April the price had slipped back to $1 850

"The risk of oversupply is exacerbated by the fact that many investors are liquidating their London Metal Exchange positions"

The journal said Alusaf's planners could not have foreseen the disintegration of the Soviet Union

"Gencor, which owns Alusaf, has secured customers in advance for half of the project's output — Billiton, Alcoa and Alusuisse — and it also expects to sell to a wheel alloy plant and a rolling mill in SA But this will still leave half its 466 000-ton output to be sold on the world market"

Tongaat-Hulett reaps the benefit of rationalisation

BD 28/4/95 (189A)

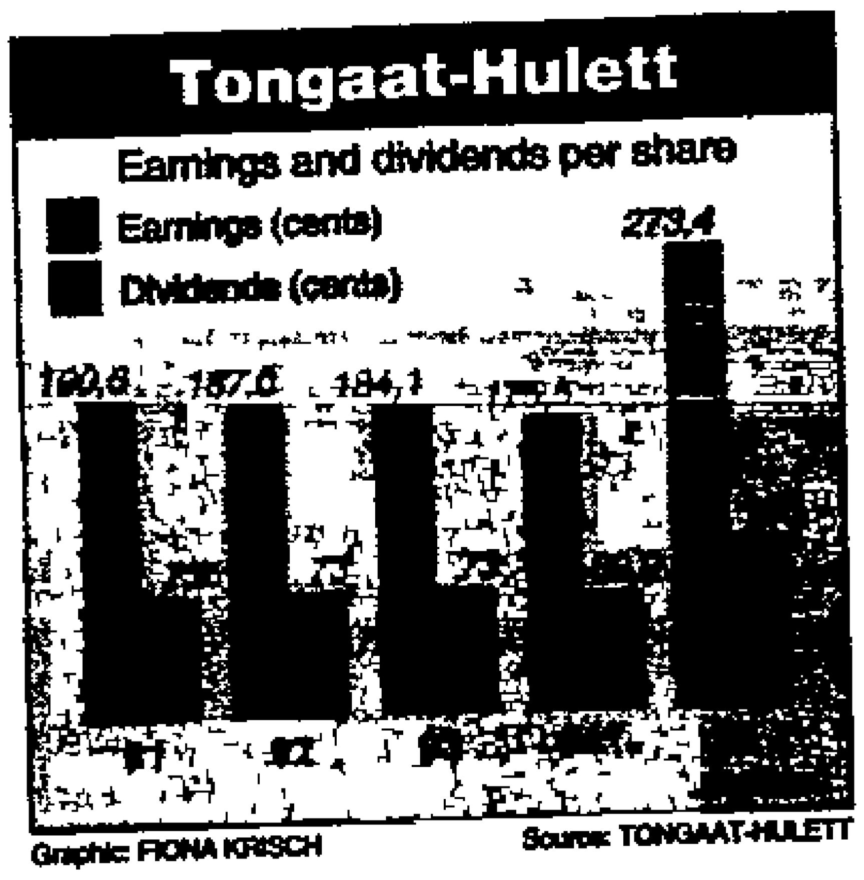
MARCIA KLEIN

STEEL and sugar group Tongaat-Hulett, feeling the full benefit of rationalisation efforts last year as well as an improved economy, reported a sharp 55% rise in attributable earnings to R248,7m (R160,3m) for the year to March.

It also announced it was negotiating to sell half its interest in Hulett Aluminium to the Industrial Development Corporation and Anglo American Industrial Corporation, its partners in the proposed R1,75bn rolled products expansion at its Maritzburg aluminium plant.

MD Cedric Savage said the results reflected the group's focus on growth following the restructuring of all its divisions. This had coincided with the upturn in local and world economies.

Turnover was 11% higher at R4,4bn (R4bn), and operating profit surged 53% to R408,9m (R266,5m). Strong cash flow and reduced borrowings enabled the company to slash net finance costs and lift pretax profit by 76% to R371,1m (R211,2m). After a higher tax bill, taxed profit was 56% higher at R248m (R159,2m).



Graphic: FIONA KRISCH Source: TONGAAT-HULETT

Earnings were 53% up at 273,4c (178,5c) a share. A final proposed dividend of 70c a share would bring the full year dividend up by 44,5% to 100c (69,2c) a share. Shareholders have been offered the option of a capitalisation award.

Savage said the sugar division "substantially increased its contribution" due to a partial recovery from the drought of the previous year. Sugar production was up 35% to 620 000 (458 000) tons, but this was still low. Following deregulation of the industry, the division has established its own sales and distribution network.

Aluminium division earnings reached "record levels" because of higher world aluminium prices and improved demand.

The building division performed strongly in the second half, and the textiles, consumer foods and the starch and glucose divisions improved profits.

Tongaat-Hulett has planned a number of major projects, including the rolled products expansion which would see it triple production capacity, mostly for export. The project awaited final approval, and an announcement was expected soon.

Proceeds from the sale of half its Hulett Aluminium interest would help to fund its share of the project's requirements. The project would be funded by export credit, other external borrowings and contributions from the partners.

Tongaat-Hulett has also approved a R580m new starch and glucose plant as well as some smaller investments in other operations.

The sugar division was expecting a 16% crop reduction crop to 520 000 tons due to the continuing drought. But action taken to reduce the effects of the drought, together with growth in other divisions, should enable the group to report real growth in earnings in financial 1996, said Savage.

Saldanha citizens battle steel giants

(189A) ST 30/4/95

By DIANA STREAK

A TOP Cape Town lawyer is taking on Iscor and Western Cape Premier Hernus Kriel in a bid to halt construction of a R4-billion steel mill at Saldanha Bay.

Mr Tinus Slabber, who owns property at Langebaan, said he and other concerned residents would apply for an urgent interdict in the Supreme Court should Iscor proceed with the proposed steel plant.

In a letter sent to Iscor, the Industrial Development Corporation (IDC), Voes-Alpine Industrieanlagenbau Gmb, Hoogovens Technical Services Iron and Steel BV, he said no-one was entitled to cause a nuisance to his neighbours.

They would be detrimentally affected by "the nuisance caused" through dust and ground water pollution, the letter said adding that the health of neighbours would suffer.

He said that, according to Section 29 of the Constitution "all citizens are entitled to an environment which is not detrimental to their health or well being".

A copy of the letter was sent to the Office of the Premier of the Western Cape Provincial Government which faces legal action if it approves the site's rezoning from agricultural to heavy industrial.

Mr Slabber told the Sunday Times the interdict would delay the project by at least a year and the case might end up in the Constitutional Court.

Even if the land is rezoned it would not mean the plant could go ahead and if rezoned as industrial, it would not mean they could "do something beyond the pale," he said.

"They can't get away with dumping thousands of tons of dust all over."

Mr Slabber said the nature of the project would have a severe impact on the entire area, including vegetation, tourism and its general "ambience".

R40m 'thank-you' payout for Iscor staff

CT(EE) 2/5/95 (189A)

By Roy Cokayne
PRETORIA BUSINESS EDITOR

Iscor has budgeted R40 million for an ex gratia payment to all its employees in the current financial year — and is investigating introducing a profit sharing bonus

An Iscor spokesman confirmed that R40 million had been budgeted for the payment and 70 percent of this had been paid to its employees at the end of March

He said the remaining 30 percent would be paid to Iscor's employees at the end of the financial year, when the company had calculated its budgeted profit for the full year

Iscor's executive director of human resources, Johan Prinsloo, writing in the latest edition of the company newsletter Iscorian, stressed it was an ex gratia payment and not a bonus

Prinsloo also emphasised that the ex gratia payment was not linked to the profit Iscor showed for the interim period, adding that it was a small way of saying thank you for the effort

The managing director, management and the Iscor Board felt everybody — not only management — was responsible for, or contributed to the improved cash flow for the first six months period for the financial year 1994/95

Management wanted to show their appreciation in a more tangible way than just saying "Thank you and well done," Prinsloo said

He said that before any payment could be made it had to be discussed with the various unions

It had to be decided whether the payment should be connected to an employee's post level or personal salary, or whether the whole amount should be divided equally among all employees

Prinsloo said Iscor would not make a payment of less than R100, with a maximum of R400

"One of the things the unions insisted on was that it would not be used as an excuse when we start discussions regarding general increases in July

"Management accepted this with the understanding that this would also be a non-recurrent payment This was a one-off exercise," he said

Achievement bonus

On the question of why the ex gratia payment was only transparent up to a certain level and treated as confidential from that point on, Prinsloo said Iscor was moving strongly in the direction of an achievement-driven remuneration system for its more senior personnel

"These are the people that make the critical decisions They determine the overall success of Iscor

"Therefore it was decided that the ex gratia payment to senior personnel would be made in the form of an achievement bonus that forms part of the employee's remuneration package"

An individual's remuneration package is regarded as a confidential matter between employer and employee and management sees it as a strong motivation and incentive for the individual, he said

Turning to the possible introduction of a profit-sharing bonus for Iscor employees, Prinsloo said Iscor's human resources had received instructions from the company's board to investigate a transparent profit-sharing bonus that everyone could understand and that would be to the advantage of both employer and employee

"The moment we have [illegible]blished an acceptable formula, we w[illegible] art negotiations with the unions," [illegible] said "But again you have to unders[illegible]d that this formula will be based on Isc[illegible]r's financial performance at the end of [illegible] particular financial year In effect, that means it will be a fluctuating bonus It also means that in some years we may not be able to pay out any profit-sharing bonus"

Saldanha: Iscor faces legal action

RONALD MORRIS

CT 2/5/95 (189A)

A CITY lawyer who owns property at Langebaan has threatened to seek an urgent Supreme Court interdict to stop the Saldanha Steel Project

In a letter to Iscor, Mr Tinus Slabber said it was clear from the CSIR's environmental impact report that dust from the plant would result in pollution exceeding the legal guidelines, increasing the risk of health problems

The plant would also pollute ground water, affecting Langebaan Lagoon, the conservation area and sea water.

Mr Slabber has also sought an undertaking from Western Province Premier Mr Hernus Kriel that he would not approve Iscor's application for a rezoning of the land.

Manuel backs Iscor plant at Saldanha

(189A)

But lawyer to try to stop it in court

JOHN YELD
Environment Reporter

TRADE and Industry Minister Trevor Manuel has come out firmly in favour of Iscor's proposed R4 billion steel processing plant on the shores of Saldanha Bay, saying environmental concerns have been taken into account

But a Cape Town lawyer has told Iscor he will apply for a Supreme Court interdict to stop the project

He may also apply for an urgent interdict against the Western Cape provincial government to prevent it granting Iscor's rezoning application for the site

And in another development, a prominent firm of attorneys acting for "certain landowners in the Langebaan-Saldanha area" hand-delivered a letter to Western Cape Premier Hernus Kriel saying Iscor's rezoning application had not been advertised as required, and that they reserved their rights

Asking for an urgent response, the lawyers said "We respectfully contend that the rezoning application cannot be properly considered until and unless it has been properly advertised"

In an interview, Mr Manuel said he was aware the proposed site had yet to be rezoned, but he "certainly supported" its being built there

He had been involved in considering other sites and there was a "pretty serious" cost factor involved

'We looked at the costs of the plant overall and also went through the environmental issues with a fine-toothed comb

'All things being equal, I think the Saldanha site is the most advantageous"

Trevor Manuel

ARG 3/5/95

The issue of possible groundwater pollution — one of the major environmental objections — had been considered, Mr Manuel said

"You already have very extensive handling of iron ore on some porous ground and I don't think there will be any change in the permeation of porous ground and resulting pollution

"Unsightliness is still an issue because it (the new plant) will have a fairly high tower, but I think it's not going to make a substantial difference"

There would be "a fair amount of landscaping" and much of the proposed plant would be hidden behind sandbanks

The flame would be brought down to ground l · ·l and would be effectively invisible from the tourist areas to the south and east

"So certainly we've not been unmindful of the environmental concerns and I'm still opposed to kaolin mining in the Cape Peninsula, for example"

Mr Manuel said he had encountered a 'very interesting response" on the West Coast to the proposed plant, outside party political affiliations

"There seems to be a class difference To poor people, the plant offers opportunities for acquiring training and skills and the wealthier people are clearly displaying the 'Nimby' (Not in my backyard) syndrome

Major shareholder Ian Moultrie had written to Iscor managing director Hans Smith saying a re-siting cost of even 3 percent would not materially affect the company's competitive advantage but Mr Manuel said one had to take a long-term view because it was an export business

"One has to look at overall costs In a highly competitive market — with China and Russia and others — 3 percent could make a fairly substantial increase down the line

"Iscor has a particularly good bottom line at the moment, but you have to evaluate the longer-term effects on what you're producing"

In a letter to Iscor and the Industrial Development Corporation, attorney and Langebaan property owner Tinus Slabber said the proposed plant would cause dust and water pollution and have "a severe impact on the marine life, bird life and the ecology in general

"I hereby advise you that (I) and other concerned parties intend applying for an urgent interdict in the Supreme Court should you proceeed with the proposed steel plant in the currently proposed or similar location"

Mr Slabber said an application would delay the project

Call to Kriel on Saldanha steel site

(1894) CT 4/5/95

OPPONENTS of the Saldanha Steel project near Langebaan Lagoon sent Western Cape Premier Mr Hernus Kriel a lawyer's letter yesterday calling on him to extend the date for objections

They claim the original call for objections was not properly advertised

In the letter attorney Mr R Marcus said he was acting on behalf of landowners in the area who were opposed to the rezoning of the earmarked site from agricultural to industrial to allow the proposed development to go ahead

He said his clients' objections to a steel mill on the proposed site were based on existing environmental impact studies, as many of the necessary scientific studies had not yet been completed

The CSIR's report focused only on the impact of the steelworks and not on the impact of ancillary or satellite industries

Its failure to consider a "worst case scenario" made the report "seriously deficient"

Although much emphasis had been put on job creation, this could be misleading, as the steel project could force the closure of the mussel-growing industry, which would mean a loss of jobs

A meeting at UCT on Tuesday night felt there were a number of matters the report had failed to take into account

Apart from secondary industries springing up there would be an increase of up to 100 vessels a year visiting Saldanha Bay

The Berg River would be strained to supply enough water to cool the mill.

The capacity of the plant was to be doubled in five years.

Groundwater

Mr Keith Wiseman, a CSIR environmental managing and planning scientist, said it was possible for steel dust to settle on a car 10km away, but most of the waste would be non-hazardous and none would be toxic

The groundwater flow moved only two metres a year and would take 500 years to reach the bay — Staff Reporters

'Iscor steel mill in Pretoria a big pollutant'

(189A)

AKT 4/5/95

Environment Reporter

AN Iscor steel factory in Pretoria, which uses the same Corex technology that is planned for the controversial Saldanha Bay steel plant causes 'tremendous pollution' and many problems

This was one of the viewpoints at a seminar on the proposed Saldanha steel plant at the University of Cape Town this week

Saldanha Bay property owner Mike Wright said engineers had told him that emission levels at Iscor's Pretoria West plant were "shocking"

He asked why this information had not formed an essential part of the environmental impact report of the proposed plant by the Council for Scientific and Industrial Research (CSIR)

Keith Wiseman, project manager for the impact report, acknowledged "information gaps" in the report and said there was "a lot of uncertainty" about some of the environmental issues

But the proposed plant would have air quality and groundwater monitoring systems, he said

UCT zoology department head George Branch said the argument that tourists would not come to Langebaan lagoon if the steel plant was built was a "dead duck"

They would visit the area irrespective of whether the plant was built there or elsewhere

But criticism that the impact assessment had not taken account of attendant development in the area — such as the need to enlarge the iron ore jetty and dredge the lagoon — was 'very fair", Professor Branch said

"If you don't do that, you are failing in your job"

UCT marine scientist Neville Sweijd said there would be much greater development in the Saldanha-Vredenburg area if Iscor's plant went ahead

"Everyone tends to focus specifically on the (steel) factory — that is the fundamental error of the whole thing

"How do we know that the cumulative impact of all these industries will not damage the environment? We don't know"

Mr Sweijd said the economic figures for the plant had not been scrutinised independently

"We feel that has to be done before the go-ahead can be given"

This concern was echoed by Tony Barbour of Earthlife Africa, who said all the economic calculations were "in-house"

MAY 5, 1995 ★

STRUCTURE PLAN MAY PREVENT REZONING

Mill opponents on strong legal ground

CTS|5|95 (189A)

IN TERMS of an urban structure plan, Langebaan residents may have a strong case in their opposition to the development of a steel mill on the lagoon. **EUNICE RIDER** reports.

LANGEBAAN residents may have strong legal grounds on which to halt the proposed Saldanha steel mill from being erected less than a kilometre from the Langebaan Lagoon

This is according to a group of environmentalists and UCT academics opposed to the present site because of pollution in the lagoon

The site presently ear-marked for the steel mill, the farm Yzervarkensrug 129, is protected in terms of the Vredenburg-Saldanha Urban Structure Plan (as set out in the CSIR's environmental impact report on the Saldanha Steel Project), which makes provision for neighbouring local authorities to stop the rezoning of land

The site must be rezoned from agricultural to industrial use by the Western Cape Minister of Planning, Mr Lampie Fick, before the mill may go ahead A provision of the plan is that land may not be rezoned when there is opposition from a neighbouring local authority or government department

This (provision) allows government departments to stop development they regard as undesirable, says the CSIR report

Mr Steve Ferguson, chairman of the Langebaan Sakekamer and a councillor on the Langebaan Transitional Council, said he had not been aware of the structure plan until yesterday

He quoted a legal source as saying the development could be halted in terms of section 29 of the new constitution, which prohibits infringement on people's rights, including their right to fresh air

Mr Ferguson said 90% of residents were opposed to mill "We do not want to stop the development We would like to see it sited in a less sensitive position "

NP Youth supports mill

By CHRIS BATEMAN

Iscor sends 9c cheques

By Roy Cokayne

(1891) ET(BR) 5/5/95

Pretoria Business Editor

The vast majority of Iscor's shareholders are likely to get a cheque for less than R4,36 from the steel giant following its capitalisation share award Some shareholders have received cheques for 9c

An Iscor spokesman confirmed fractional cheques worth less than R4,36 had been sent to shareholders in lieu of money owed to them from the capitalisation share award He said all cheques sent to shareholders who accepted the capitalisation share award would be smaller than R4,36 because they would receive another Iscor share if the fraction owed to them was more than this amount

In terms of the capitalisation award, shareholders were offered shares in the ratio of one share for every 100 shares held or a cash dividend of 4c a share

Iscor managing director Hans Smith in a recent interview said the capitalisation award was a positive experience for shareholders However, he admitted Iscor could have some disgruntled shareholders if the share price did not increase

Sea Harvest objects to mill

~~FISHING~~ (189A)

EDWARD WEST

CAPE TOWN — CG Smith's trawling and seafood processing company Sea Harvest, which today announced a solid increase in its half-year earnings, has objected strongly to the proposed siting of Iscor's steel mill in Saldanha Bay.

Chairman Eckhard Kramer said at the release of the interim results yesterday that the blasting and excavation needed to build the plant would seriously affect Sea Harvest's mussel farm operations

Sea Harvest lifted earnings 26% to 23,2c (18,4c) a share to end-March after improved hake catches and firm local and international demand.

Turnover increased 15% to R180,9m. Operating profit was R35m. Pre-tax profit was R39,9m, while taxation amounted to R16,8m (R12,5m). Attributable profit was 26% higher at R23,2m. The interim dividend was lifted to 8,5c (7c) a share.

BD 5/5/95

Satisfactory earnings growth was expected in the second half, provided the traditionally good winter catches materialised.

TONGAAT-HULETT

(189A) FM 5/5/95

Results overcome drought problems

After the initial pleasure which investors will feel at Tongaat-Hulett's 53% advance in EPS and 44,5% increase in dividends, a few important trends should be noted

One is that these gains came despite two years of drought which have hammered the sugar industry, particularly on KwaZulu-Natal's north coast, Tongaat's main cane supply area At 620 000 t, the crop was still about 30% below a normal season

Savage . *getting all divisions to perform more sweetly*

The other is that after more than four years of recession and drought, during which management embarked on an often severe restructuring and cost-cutting programme, EPS of 273c have passed the 1990 peak

Resumption of real growth is partly the result of overcoming one traditional problem as a widely spread conglomerate, the old Tongaat invariably had a few divisions which pulled down group results.

Latest results, notes MD Cedric Savage, reflect an improved contribution from all seven divisions (property was made a division in the past year) "Diversification requires a subtle balance If the group does not diversify, it's dangerous, if it is too widely diversified, profit growth can be hampered," he says It seems Tongaat is getting the balance right

COMING THROUGH

Year to March 31	1994	1995
Turnover (Rbn)	3 97	4,42
Operating income (Rm)	267	409
Attributable (Rm)	160	249
Earnings (c)	179	273
Dividends (c)	[illegible]	100,0

The final point is that Tongaat has overcome another traditional problem, overgearing, which certainly hurt investor perceptions With borrowings of R171m and cash of R371m, it is now ungeared

The cash will be needed this year and additional debt could be taken on as Tongaat continues a heavy investment programme aimed at sustaining long-term growth The difference is that divisional management now has to compete for funding. Savage, noting that great emphasis is placed on return on capital, says there are only three considerations when it comes to funding individual businesses the group is prepared to invest in a business, it is considering investing or it won't invest.

The largest capital project is the R1,75bn (at current cost) rolled products expansion at the Hulett Aluminium plant The *FM* has noted before that, with Tongaat liable for half the cost, shareholders would require more details on funding These have now been given Tongaat is negotiating to sell half its interest in Hulett Aluminium to the IDC (30%) and Amic (20%), its joint venture partners Savage says this will contribute significantly towards the group's share of funding requirements

Final details of the expansion are still under negotiation, mainly the 10-year supply and pricing contract with Alusaf Savage expects a final announcement soon

Other forms of expansion include R110m on the Starch & Glucose division last year, with R580m more budgeted for a new plant this year In the Sugar division, expansion of the Maidstone (R52m) and Darnall (R9m) mills will be completed in a few months

Property operations are becoming increasingly important since a decision to unlock the value of nonproductive assets and sell part of Tongaat's vast land holdings (about 40 000 ha) Cash of R80m was realised by land sales last year

With Tongaat now seemingly well on the way to strong earnings growth, and with the capital expansion to sustain that growth, prospects for the share look bright despite its strong rerating over the past year

This year's results will be restrained to some extent by a lower-than-expected sugar crop Still, earnings growth should be strong That must indicate value in the share on a p e ratio of 16,5, lower than most major food groups *Shaun Harris*

GENTECH

Stick it out!

If these results indicate anything it is that the white goods business hasn't been the happiest of places this past year

Gentech, the Natal-based manufacturer of a variety of white goods — fridges, freezers, stoves and floor-care products — and importer of a range of higher priced products, in the Powertech/Altron stable, has produced a sobering result for financial 1995

The bottom line is an attributable loss from operations of R2,4m, extraordinaries of R12,4m take the total loss to R14,8m

The bad news continues into the balance sheet where net short-term borrowings now stand at R28,6m; long-term liabilities are small at only R1,7m

FROZEN UP

Year to February 28	1994	1995
Turnover (Rm)	274	[illegible]
Operating income (Rm)	8,2	[illegible]
Attributable (Rm)	3,6	[illegible]
Earnings (c)	8,7	(4,4)
Dividends (c)	[illegible]	—

It is certainly gloomy stuff but this doesn't mean investors should lose heart. Indeed, having ridden the storm this far, it will probably be folly to fade away now.

Gentech's real difficulties stem from a recalcitrant Natal labour force which, over much of 1994, almost dared management to react.

It is possible this was a standard tactic with the previous owners, the Pickard family This time, though, it didn't work

After the general election-related disruption, Gentech's managers expected a return to normality It didn't come, finally, a confrontation with the workforce was inevitable

That resulted in a large retrenchment programme accompanied by a major factory reconstruction.

While that was in full swing, Gentech was obliged to increase imports substantially — and to absorb fully the inevitable knock in reduced margins

Now, however, significantly better efficiencies are clearly in evidence Also, there is some indication of an improvement in consumer demand The purchase last year of Hoover's SA operations, which has already produced some growth in turnover, is expected to contribute materially over financial 1996.

The counter is trading at 280c, not far above its 12-month low of 255c The market is merely reacting to a long succession of bad news

However, investors buy for the future and the evidence suggests better days are not that far off *David Gleason*

Involve NGOs in education – Carolus

Weekend Argus Education Reporter

THE government should start to consider the role which non-governmental organisations can play in South African education, says ANC deputy secretary-general Cheryl Carolus

Speaking at an open day at the Uluntu Centre in Guguletu, where NGOs were displaying their services to schools yesterday, Ms Carolus said the government was not in a position to deliver immediately on all education needs and demands

But, it would be foolish of them to ignore the opportunities presented by NGOs

Ms Carolus said South Africans' high expectations were acceptable ARG 6/5/95

Steel giant awaits rezoning green light

WILLEM STEENKAMP
Weekend Argus Reporter

STEEL giant Iscor hopes to receive the go-ahead at the end of this month for its controversial multi-billion-rand steel project near Saldanha Bay, in spite of strong resistance from many residents and environmentalists

Iscor has applied for the rezoning of the land from agricultural to industrial, and a final decision is expected from the Western Cape Regional government by the end of this month

Environmentalists have expressed serious concerns about the possible pollution danger of the plant to the ecologically sensitive Langebaan Lagoon area

Alex Holmes, spokesman for the Iscor, said it was clear that people generally wanted the steel project to go ahead because of the huge economic benefits and job creation expected from the development and other fringe industries (18 919)

"The point is that people do not want the project cancelled, they merely want the plant moved further away from the sea Sadly, this is not economically viable

"Some people are also concerned about pollution from other industries that may develop around the plant But, surely we cannot be held responsible for those independent industries"

Mr Holmes said Iscor was prepared to guarantee that there would be no visible pollution above the steel mill He said washed coal would be used in the process, which would ensure that there would be no dust pollution

"We are as environmentally conscious as the next person and we would like to prove to people that this plant will be a clean operation We [illegible] ieve there is no danger to th[illegible] cology," said Mr Holmes ARG 6/5/95

Langebaan resort planned

(189A) BD 8/5/95

INGRID SALGADO

THE National Parks Board planned to develop a resort complex at the Langebaan Lagoon near Saldanha Bay despite the possibility of Iscor building a steel mill less than 1km from the lagoon, board acting CEO Dick Parris said at the weekend.

The lagoon, which forms part of the West Coast National Park, has been designated a wetland of international importance. Iscor's plans have raised a storm of objections from environmental groups

Parris said the board had not established to what extent the steel plant could detract from the area's scenery. However, as other structures, including a harbour, were already visible from the lagoon, it could not be regarded as pristine.

Iscor was awaiting approval of its construction plans from the Western Cape government.

If the plans were accepted, government would have to rezone the proposed site for the mill from agricultural to industrial.

The mill's proximity to Langebaan would have a negative effect on the lagoon. It was certain to cause pollution, Parris said. However, building the plant could be in the best economic interest of the Western Cape.

About 4 000 jobs would be created during its construction period, and another 600 permanent jobs would be generated. The board would finalise its position on the mill towards the end of the month.

The existing parks board site at the lagoon, Langebaan Lodge, would be demolished to make way for the new development. The dilapidated lodge, which had been too costly to maintain, had been closed.

The board would develop a jetty, restaurant, and picnic and boating facilities at the lagoon, and planned to establish family accommodation units and an information centre in the town of Langebaan. The final product would be more in keeping with traditional national parks facilities.

Meanwhile, the Northern Cape government has urged Iscor to consider siting the plant at Sishen, a source of iron ore.

The province needed to create wealth and employment, and new technology favoured the siting of steel plants near their material source, the premier's office said.

"As we do not have highly sensitive parks and lagoons like Saldanha, it is conceivable that the steel plant in the Northern Cape would have much less adverse environmental impact. Furthermore, the location .. will cost less in environmental control."

The Campaign for St Lucia last week said the planned plant would endanger the Langebaan wetland system. This could be avoided by placing the steelworks in a less ecologically sensitive place.

Government should not make a decision on the plant until the Ramsar convention — to which SA was a signatory — had investigated.

☐ Sapa reports the Water Affairs Department has been ordered to report to Minister Kader Asmal on the effect the proposed steel mill will have on water resources in the area.

POLITICS

'Don't copy St Lucia error'

(189A) ARGT 9/6/95

Ecologist warns on Saldanha plans

Environment Reporter

DON'T make the same mistakes at Saldanha Bay that were made during the St Lucia dune-mining controversy, says top ecologist Allan Heydorn.

Iscor is planning to build a R4 billion steel producing plant at Saldanha.

Dr Heydorn, an estuary specialist and consultant to the World Wide Fund for Nature (South Africa), said it would be tragic if the same mistakes were made again.

The government could not arrive at a valid decision about Iscor's proposal without an overall planning document for the area.

"Sadly, as was the case with the St Lucia mining controversy, the debate raging over Saldanha is concerned with individual aspects of Iscor's proposals, rather than with the all-important wider regional, economic, social and environmental implications over the next 20-30 years."

Key questions included whether there was sufficient water available to sustain the proposed steel mill and associated industries, he said.

The Berg River — the only major source of fresh water for the proposed industry — was already heavily used.

"It's known there is a disconcerting tendency for increasing brackishness of borehole water drawn from the Berg River Flats along the lower reaches of the river before reaching the sea at Laaiplek," said Dr Heydorn.

"The consequences of such mineralisation of groundwater as a result of over-extraction of water from the river system are extremely serious for the agricultural and fishing industries of the region."

Another key issue was whether climatic conditions were suitable for industries producing substantial volumes of air emissions.

There was a distinct danger of air pollution and fall-out over Langebaan village, the lagoon and its ecologically important mud flats, and the West Coast national park.

"This adds a serious dimension to the concerns expressed by local communities over the unsightliness and health risks of air pollution."

An in-depth investigation was needed that exceeded the scope of Iscor's impact assessment report, commissioned from the Council for Scientific and Industrial Research, said Dr Heydorn.

"There is no dispute over the powerful arguments for further industrial development along the West Coast.

"But, it is logical that these arguments must be coupled to the most careful consideration of suitable areas for such developments, if existing economic activity is to be augmented rather than harmed.

"The attraction of Saldanha to Iscor is understandable, but the existence of other, natural resource-based economic activities such as tourism, agriculture, commercial and recreational fishing or mariculture simply cannot be wished away.

"Nor can the ecological and aesthetic sensitivities of a truly unique geographical feature such as Saldanha Bay and Langebaan lagoon be denied."

● Meanwhile, the property owner adjoining the site of the proposed steel mill says he will not be affected by the development and that the steel producer is "sensitive and responsible".

Charles Banks of Olifantskop farm said he was "undoubtably" the largest landowner in the area and the most affected by Iscor's proposal.

He believed recent protests about the plant were based on ignorance of the geography and demography of Saldanha Bay and the coastal environment of Langebaan Lagoon.

"The existing industrial infrastructure of Saldanha and Vredenburg to the north can, by no stretch of the imagination, be labelled a tourist or eco-sensitive destination, while Langebaan and its wetlands and nature areas [illegible] south form an ecosystem [illegible] recreational area in need [illegible] protection."

Such protection was provided by the 'Spreeuval' dunefields between what were two distinctly different and separate geographical areas.

"We are only six kilometres away from Namaqua Sands (industrial project) and cannot even see it," said Mr Banks.

"Iscor will be next to that, and we will not only not notice it, but the prevailing winds eliminate any other effects. Pollution and visual and other impacts to us are nil.

"Langebaan is another six kilometres in the opposite direction, so if we are not affected, how can anyone else living there be?"

'PROJECT EFFECTIVELY FUNDED BY TAXPAYERS'

Tax break for Iscor mill

CT 9/5/95

(189A)

ISCOR will get an estimated R1 billion tax break for the building of the Saldanha steel mill. Report by **EUNICE RIDER, FRANÇOISE BOTHA** and **RONALD MORRIS**.

A R1 BILLION tax incentive is believed to be behind Iscor's haste to build a steel mill less than a kilometre from the Langebaan Lagoon

In a circular to shareholders on March 3, Iscor said its shareholding was expected to cost R745 million The remaining 50% share would be taken up by the Independent Development Corporation (IDC)

Tax credits of more than R1bn were expected in terms of section 37e of the Income Tax Act Other funding would be provided by IDC project loans, import credit loans and local bank loans

An income tax expert said last night that in terms of section 37e Iscor could deduct the full amount of any expenditure for building costs and machinery Normally this amount would be written off at 5% per annum over 20 years

This means Iscor would receive an approximately R1bn assessed tax loss upfront from the government before building on the site even started.

The project is in effect being funded in the short-term by taxpayers' money, saving the company substantial amounts and reducing their effective tax rate to below 35%

A spokesman for Iscor said "A requirement to qualify for section 37e was that the company had to place an order for manufacturing equipment before the end of January 1995 "

It was not correct that the project would be funded by taxpayers' money Iscor would fund its 50% shareholding with the money raised by its recent R1,3bn rights issue, the spokesman said

Equipment

Mr Ben Nel, managing director of Saldanha Steel, said yesterday the company had qualified for the "expense incentive scheme" when it was able to show that it had placed orders for the necessary equipment before the scheme was dropped by the government in January

Equipment worth R160m had already been ordered from around the world and was due to arrive in the middle of next year, he said

Mr Nel said the equipment would be kept on the Saldanha site Iscor has applied for it to be rezoned from agricultural to industrial use.

He reiterated earlier threats that the project would be "cancelled altogether" if the development was not allowed to go ahead on the site already earmarked

Steel was a low profit business and the project would lose its competitive advantage over imported steel if environmentalists and Langebaan residents tried to force them to relocate 10km inland

"We will not be forced to move we will cancel the project altogether We cannot be more flexible on that aspect," Mr Nel said

R1BN CREDIT IS 'TAX EXPENDITURE'

Saldanha: 'Public has right to know'

(189A)

CT 10/5/95

OPPOSITION to Iscor's planned steel mill project near the Langebaan lagoon is mounting, as legal and environmental experts cast doubt on the scheme. **EUNICE RIDER** reports

LAW professor, tax lecturer and Future Imperfect television personality Professor Dennis Davis said yesterday the public had a right to know, before construction began, how much tax-payers' money was being spent on the Saldanha Steel Project

He was responding to claims that Iscor would get about R1 billion or more in tax credits for the building of the controversial steel mill at Langebaan Lagoon

Prof Davis, a member of the Katz Commission and economic adviser to the ANC, said the Section 37 (e) tax credits were a "tax expenditure" and the public had a right to know how their money was being spent The Saldanha project qualified for the credits just days before their scrapping at the end of January

Dr Allan Heydorn, a coastal ecologist and consultant to the World Wide Fund for Nature (SA), said the government was not capable of making a "valid" decision to rezone the site from agricultural usage to industrial until an in-depth investigation, exceeding the scope of the CSIR's environmental impact assessment, was conducted

Dr Heydorn said that a "properly quantified" prediction of the water requirements of the industrial node proposed by Iscor, over at least 20 years, was required in order to assess meaningfully whether adequate fresh water was available

"Without such an assessment it will not be possible to determine whether the development will be to the advantage or disadvantage of the existing agricultural and fishing industries and hence to the livelihood of those involved

"The attraction of Saldanha to Iscor is understandable, but the existence of other natural resource-based economic activities, such as tourism, agriculture, and fishing, simply cannot be washed away

Wetland

"Nor can the ecological and aesthetic sensitivities of a truly unique geographical feature such as Saldanha Bay and Langebaan Lagoon be denied," said Dr Heydorn

He urged Iscor to take be more "flexible" on the siting of the proposed mill, so near the "globally significant lagoon wetland" of Langebaan Lagoon

Iscor: Talks on costs of siting plant inland

(1891) ARG 10/5/95

□ ... despite tough public statements

Environment Reporter and Own Correspondent

THE cost of moving Iscor's proposed R4 billion Saldanha Bay steel plant inland away from Langebaan Lagoon is being discussed with Spoornet and consultants, in spite of hard-line public statements by top Iscor officials.

At least twice recently, Iscor's top management have stated they will cancel the project rather than move it inland at Saldanha or to one of the other sites originally mooted Sishen in the Nothern Cape, Richards Bay, Newcastle or Port Elizabeth.

The Northern Cape still wants Iscor to build the new plant at Sishen, but premier Manne Dipico has become embroiled in a public row with the steel producer over possible reduced rail tariffs

Alwyn Rautenbach, manager Saldanha special projects for Spoornet and Portnet, said yesterday they were involved in discussions with Iscor and consultants appointed by regional minister Lampie Fick about transport costs for alternative sites in the area

"We are not talking about tariffs to the Eastern Cape or Northern Cape

"They (Iscor) talked to us about that in the beginning and we had a whole series of discussions, until Iscor decided to place the plant at Yzervarkensrug (at Saldanha)

"I was in Pretoria recently and we have discussed the whole issue again with the people appointed by Mr Fick — John Raimondo and Andrew McLintock.

"They (the consultants) are looking at the price structure as outsiders and at the cost of moving the proposed plant away from the sea about 10km to 14km"

Last week, Mr Dipico said Iscor had told him at a meeting in January it would reconsider siting the plant if it could obtain rail tariff reduction of 50 percent guaranteed for 15 years.

Eskom had also indicated to him a willingness to talk about tariff reductions for power for the proposed plant

But when he returned to negotiate with Iscor, it had reneged on the agreement

In response, Iscor managing director Hans Smith said Mr Dipico had discussed the question of reduced rail tariffs of his own accord.

He confirmed that Spoornet had formally offered a five percent reduction on finished products only, and not coal or iron ore

"In the light of this it was obvious that further discussions were futile as the offer negotiated and the proposed conditions were miles apart," Mr Smith said.

Mr Dipico said the 50 percent reduction over 15 years asked for by Iscor was unreasonabl, and it was a demand that could never be met by Spoornet.

His government — "like any other province" — needed to create employment opportunities and wealth that would contribute to the total economy of the country

"In particular, the Northern Cape wants to establish industries that add value to the minerals in that province

"To this extent, the provincial government is doing whatever it can to persuade Iscor to reconsider its decision to site the proposed Hot Rolled Coiled Steel Plant in Saldanha Bay

Columbus casts its first steel at new plant

MARCIA KLEIN

COLUMBUS Stainless cast its first stainless steel slab at its new steel melting plant in Middelburg yesterday. (189A)

The first slab production run weighed in at 100 tons and was of high quality, it said. BD 10/5/95

The new steel melting plant is part of a R3,5bn expansion project, a joint venture between Highveld Steel & Vanadium, the Industrial Development Corporation and Samancor The project also includes — a new hot rolling operation, a new annealing and pickling line, cold mill operation and finishing and despatch facilities.

CE Fred Boshoff said the next commissioning milestones would be the new hot mill and new annealing and pickling line Once the new annealing and pickling line was operational, Columbus would be able to relieve the shortage of cold rolled stainless steel in the SA market. "I do not see the supply situation normalising before the end of the year," he said

Because of the buoyant market, Columbus decided not to mothball the old steelmelting plant, but to keep it in operation until the end of the year It would enable Columbus "to make the most of the cyclical nature of the stainless steel business", Boshoff said

He said commissioning of the steel melting plant took place close to the original target date which was set in 1992 This was achieved despite the disruption caused by heavier than normal rainfall in 1993, unexpected public holidays last year and the collapse of a mobile construction crane in October

Columbus had targeted 250 000 tons this year from 135 000 tons last year. Full production of 600 000 tons should be reached by 1998

ABOUT-TURN ON SALDANHA

Sakekamer now in favour of steel mill site

CT 11/5/95 (189A)

LANGEBAAN's Afrikaanse Sakekamer is now in favour of the siting of the proposed Saldanha Bay steel mill — and a R1 bn tax break is on offer. **EUNICE RIDER** reports.

THE Langebaan Afrikaanse Sakekamer yesterday joined the Vredenburg and Saldanha Sakekamers in stating that they were "pleased" with the controversial siting of the Saldanha steel mill, planned for 950m from the shore of the Langebaan Lagoon

Until late last week the Langebaan Afrikaanse Sakekamer, under the chairmanship of Mr Steve Ferguson, was outspokenly opposed to the siting of the mill

It was also revealed this week that there would be a R1 billion tax break for the project if it went ahead on its present siting

"Following an historic meeting, the Afrikaanse Sakekamers of Vredenburg, Saldanha and Langebaan are pleased with the choice of this area for the construction of the most modern steel plant in the world

"We are satisfied that, given the nature of the above-mentioned plant, and in the light of the latest technological developments, the level of pollution caused by the Saldanha steel project will — if any — be minimal," the statement said

The statement was signed by the chairmen of all three chambers of commerce

According to an environmental impact assessment — commissioned by Iscor and conducted by the CSIR — the lagoon will definitely be polluted, and in the worst case scenario there would be ore pollution for 18km around the site

A week ago, Mr Ferguson was opposed to the "unacceptable" siting of the mill near the shore of and on a groundwater line to the lagoon

He said Langebaan's neighbouring towns were "in effect asking us to sacrifice tourism to Langebaan" by not opposing the siting of the controversial development.

Mr Ferguson, who is also on the Langebaan transitional town council, said workers in Langebaan's local population needed work but "about 90%" are opposed to the present siting of the mill.

Mr Ferguson could not be reached to comment on why the Langebaan Afrikaanse Sakekamer had changed its mind

Violence stops work at Richard's Bay smelter

CT (BR) 12/5/95 (189A)

Work has come to a stop on Alusaf's new Hillside smelter at Richard's Bay and operations staff have been advised to leave the plant until Monday, following violence which left more than 50 people injured, some seriously

The violence followed a confrontation between construction workers and security personnel Alusaf said workers employed by Rumdel Construction, one of 60 contractors on site, were discussing alleged deficiencies in safety equipment with management on Wednesday when discussions "broke down".

than two years, said Portnet's chief executive, Neil Oosthuizen This was causing congestion problems, he said

Clashes halt work on Alusaf smelter

ERICA JANKOWITZ

21/89A

CONSTRUCTION at Alusaf's Hillside aluminium smelter in Richards Bay was halted yesterday after 55 people were injured — 26 seriously — in violent clashes between workers and security staff, the company said yesterday BD 12/5/95

Operations staff had been advised to leave the site and return on Monday, but it was hoped work might resume today.

The company said violence erupted after workers from Rumdel Construction — one of 60 contractors on site — told management safety equipment and procedures were substandard. "The discussions broke down and a protest march and attack on the Rumdel offices by these and other construction workers ensued."

Alusaf said security personnel intervened when stones were thrown. They brought the crowd under control although many were armed with sticks and iron bars. Alusaf, construction companies and workers met yesterday for talks.

Alusaf chairman Fred Roux expressed concern about the incident as the project had a high profile and violent confrontations would further damage SA's investment profile. A fall off in investment would affect economic growth and job creation.

FAROUK CHOTHIA reports National Union of Metalworkers of SA (Numsa) official and ANC northern KwaZulu/Natal leader Bheki Ntuli said Numsa was not represented at the site. He blamed Inkatha-aligned unions for the disturbances.

BOTSWANA RST (189A) (#3)

For speculators only

FM 12/5/95

Activities: *Base metals producer in Botswana*
Control: *Botswana government and Anglo American*
Chairman: *D J Hudson MD: B V Stewart*
Capital structure: *17,9m ords Market capitalisation R14m*
Share market: *Price 80c 12-month high, 85c, low, 55c Trading volume last quarter, 14 000 shares*

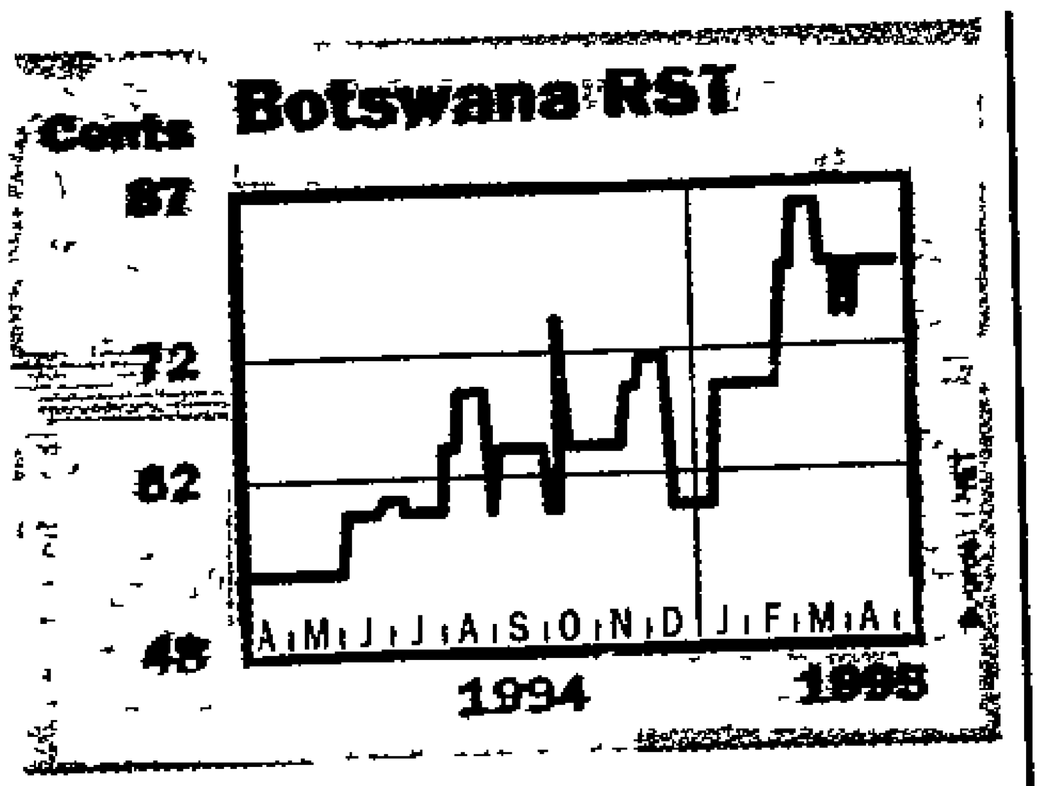
Year to December 31	'91	'92	'93	'94
Loans (Pm)*	2 173	2 600	3 254	3 573
Accumulated def (Pm)	1 774	2 207	2 864	3 133
Turnover (Pm)	251	216	198	264
Metal produced (000t)	37,4	36,6	38,2	39,3
Earnings (c)	(2 075)	(2 433)	(3 687)	(1 937)

* 1 Pula = R0,71

This company's only rationale for continued operation is that it provides jobs for nearly 5 000 people, almost all Botswana citizens, and injects some economic life into an area of the country which would be moribund without the mine.

The company will never pay dividends Year after year, this same sad message is faithfully relayed by whoever is unlucky enough to be the current chairman. This time it is Derrick Hudson: ". . it is not envisaged that dividends will ever be paid." The fact is that Anglo American and the Botswana government, which jointly control Botswana RST (Botrest), hold huge subordinated loans; so do the World Bank and the European Community.

Early mining and metallurgical problems forced ever increasing injections of capital — far beyond what the feasibility studies envisaged Meanwhile, government provided substantial infrastructural access. By the time it became clear the right business decision would be to flee, it was too late



That aside, the mine operated with conspicuous success last year, producing almost 40 000 t of metal (copper and nickel in concentrate) and realising an operating profit of P36m. Unfortunately, all this is swallowed up by interest charges, royalties and exchange losses The bottom line is a net loss of P269m, making the accumulated deficit a mind-blowing P3,1bn

There is a glimmer of light for loan providers, if not for shareholders, in expected price rises for nickel The London Metals Exchange overhang, which peaked recently at 160 000 t, is in free fall as supplies from Commonwealth of Independent States plunge and demand surges in line with growing stainless steel production The price is about US$3/lb now but analysts expect this to rise to $4,50/lb-$5/lb — and some optimists believe $8/lb is possible over three to four years

If this prophecy is fulfilled — and maintained for a while — then Botrest's income will grow exponentially This kind of spike — last seen in 1988 — could enable it to repay some of those loans Sadly, this line of argument can't be applied to copper The market view is that the metal's run is now over, curtailed by perceptions of substantial new production coming on stream from various new mines

There seems little practical reason to maintain the listing on the JSE. Of course, it does give speculators an easy nickel/copper play at a low entry price. *David Gleason*

ALUMINIUM

FM 12/5/95 (1894)

Gilbertson's gamble could pay off

Just how clever has Gencor chairman Brian Gilbertson really been with his purchase last year of Shell base metal subsidiary Billiton for more than US$1bn, almost all of it with borrowed money? As the evidence unfolds, it looks more and more as though Gilbertson read the commodity cycle with almost uncanny prescience

Gencor's involvement in aluminium is now considerable, not only is it a player of note in the international market, where Billiton has production links of some sort with all the majors, but the Alusaf smelter expansion (the Hillside smelter will produce 466 000 t/year) makes it significant on a world scale in its own right

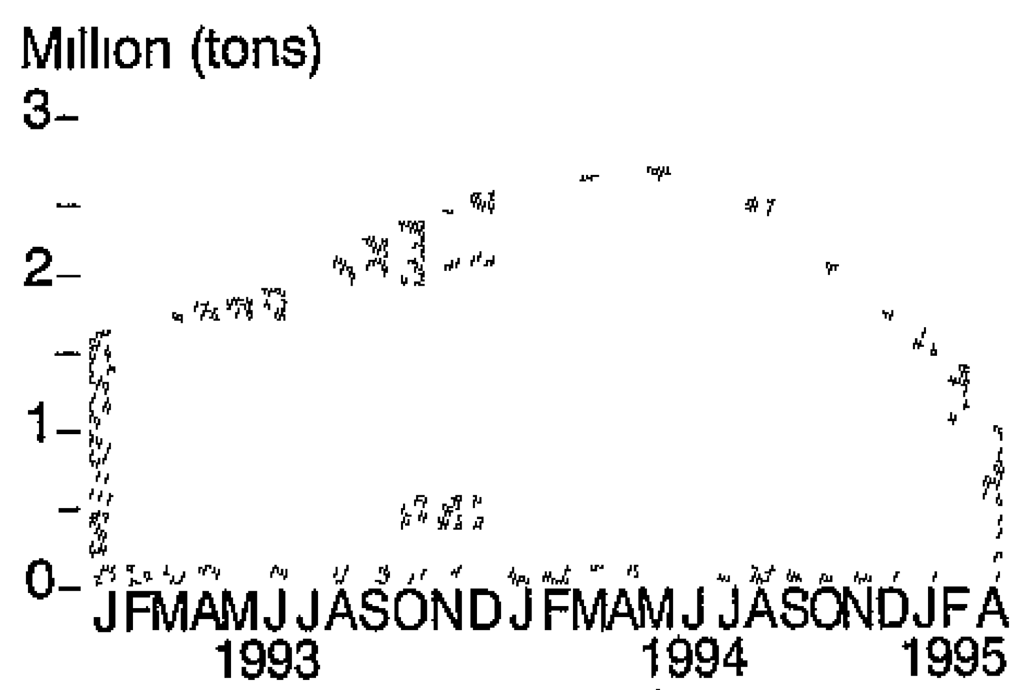
The Hillside project is estimated to cost about R5bn

This exposure to aluminium by an SA mining house is unusual because the primary feedstock — bauxite — is economically absent from the sub-continent Alusaf has to import its raw material from Australia, Billiton, on the other hand, is involved in aluminium-related operations frequently as a silent partner, earning only its portion of the end-product

So what happens on world aluminium markets is of more than passing concern to a group which has invested many eggs in this basket Some years ago, new aluminium supply far exceeded demand, to some degree, the flood of material reaching Western markets from CIS states played a role in this The response of producers was a Memorandum of Understanding (MoU), unusual in the sense that, for once, a sensible approach was adopted

LIKE ALICE

Aluminium stocks disappear



LME stockpile

The effect has been startling The evidence now is that Western supply is running significantly below demand, this is confirmed by further falls in LME stocks (see graph)

And the graph itself needs to be looked at carefully in the past, CIS stocks were excluded, as nothing was known about them Now they are included — and still the LME stocks show a decline

On this basis, therefore, Rice Rinaldi partner Mike Wuth believes that, though prices may decline to US$1 600/t in the short term, his forecast average for 1995 of $1 800/t still holds good

In a sense, the performance of the metal signals a sea change in global base metals demand patterns The most significant aspect of this is the doubling of demand in two decades from the Tiger economies of the Pacific Rim — most of it in the past five years

Wuth believes the current upswing in the commodities cycle — copper excepted — will last a lot longer than many other analysts — and the market — expect

This is based on the initial impetus provided by the US last year flowing through to Europe and Japan in 1995 and then continued by China and the SE Asian economies next year If he's right, this demand-led growth should produce prices much better on average than those prevailing for 1994

The impact of all this on Billiton and Alusaf should be profound It is difficult, in the absence of meaningful data about Billiton's structure and operations, to determine the flow-through effect on Gencor's earnings What is clear, though, is that the surge in attributable profit in the offshore arm will permit Gilbertson and Billiton chairman Derek Keys to restructure Billiton's financing and balance sheet any time they choose

That may have important knock-on effects on Gilbertson's efforts to tap new sources of finance for his Pacific projects, notably the copper-gold porphyry deposit around Freeport McMoran's huge developing mine on the Indonesian island of Irian Jaya

Forecasts for Alusaf's earnings against this background are startling R80m this year (about 45c), rising to R390m next and then a colossal R800m in 1997 as the plant becomes fully operative

This good news isn't quite as fundamental for Anglo American's international arm Minorco Its managers have chosen to position it largely in new copper projects, mostly in South America, scheduled to achieve full production early in the next century For the time being, the cycle indicates that copper prices may have peaked — rather earlier than for other base metals because of market perceptions that new productive capacity will reach consumers early next year

The other side of the coin, however, is what Minorco hopes will turn its policy into a winner that copper will lead the next base metals recovery with increasing prices just as its new mines come on stream *David Gleason*

INDUSTRIAL STOCKS

Christmas comes early

Investors must have thought they were dreaming On two trading days last week, the Industrials index of the JSE soared 207 points or 3% The value of shares traded in industrial companies totalled R4,4bn and an almost unprecedented 272m shares changed hands

Where did this demand suddenly come from? A senior broker says "it was almost entirely externally driven There was little local demand and buying was driven on an index basis, totally dominated by foreign orders In fact, ever since SA was included in the two emerging markets (EM) indices, interest in our stocks has been at high levels"

After inclusion in the second index at end-April (that issued by the International Finance Corp, an arm of the World Bank, SA was included in the Morgan Stanley Capital International index in March), emerging markets fund managers must have found themselves suddenly exposed to small SA holdings and the possibility of criticism they were ignoring one of the best performing markets (SA outperformed EMs last year, and again in the first quarter of this year)

Naturally enough, this raises again the issue of p e ratios for industrials and estimates of the market's direction P es have slipped notably in recent months from highs approaching 19 last year, the consensus among analysts is that the market was intent then on restoring conservative values of between 14-15 to the industrial boards

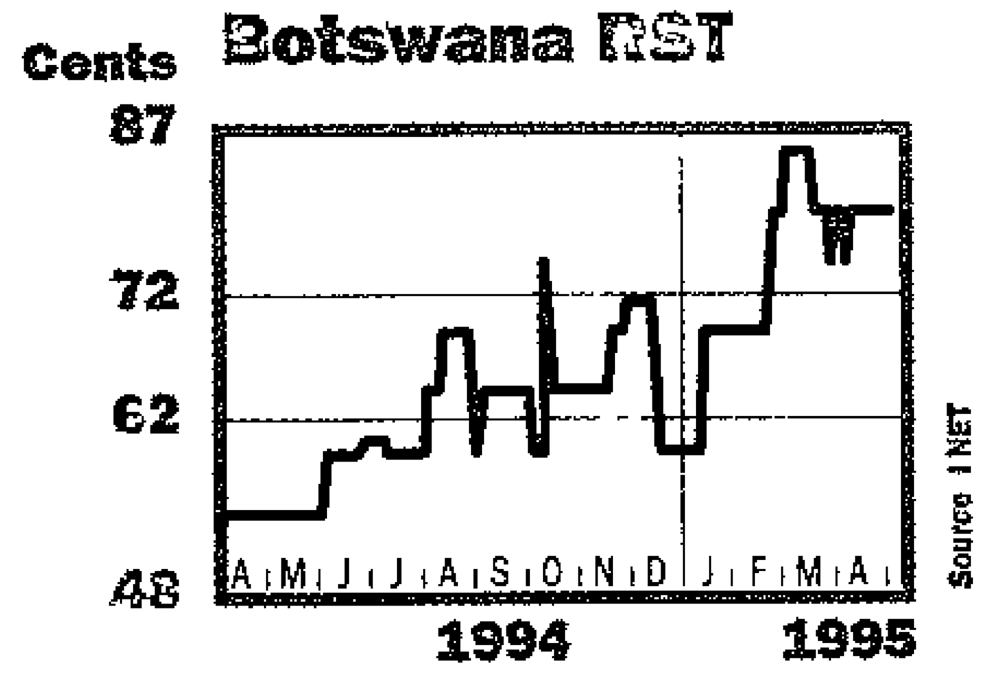
However, this flies in the face of results pouring out of industrial companies reflecting annual earnings increases of around 30% Continuing economic revival suggests increases of the kind being delivered this year may also continue next On this basis, EM managers are collecting Top 10 SA companies and analysing their relative merits after securing the stock

This level of activity and interest also suggests share prices may eventually reflect p es around 16 or 16,5 rather than the gloomier forecasts of 14 and below which were doing the rounds only a few weeks ago *David Gleason*

DATES TO REMEMBER

Last day to register for dividends:
Friday May 19: Advent ▲23,06c, BOE 25c; BOE Corp 1c, Cashbuild 10,5c, CBD ♣16,17c, Choice 29c, Da Gama 13,5c; Datatec 1,25c, Intrust 6,7c, KH Props ♠26,5c; NBS Hold 50c, Nedcor 36c; Newport ♣28,06c, Pioneer ♣12,5c, Specialty 6,3c; Steers 4,21c.

Meetings:
Monday May 15: Ozz (S)
Wednesday May 17: Amic, Clegg, FIT, H&RC (Claremont), Hortors (S), Liberty, Libhold (Ord & S), Libsil, Libvest.
Thursday May 18: Cafca (Harare), Guardian Unihold; U-Control
Friday May 19: De Beers (Kimberley); Technihire.
All meetings are in Johannesburg unless otherwise stated
S = Special meeting ▲ = Per linked unit
♣ = Per unit ♠ = Per combined unit



That aside, the mine operated with conspicuous success last year, producing almost 40 000 t of metal (copper and nickel in concentrate) and realising an operating profit of P36m. Unfortunately, all this is swallowed up by interest charges, royalties and exchange losses. The bottom line is a net loss of P269m, making the accumulated deficit a mind-blowing P3,1bn.

There is a glimmer of light for loan providers, if not for shareholders, in expected price rises for nickel. The London Metals Exchange overhang, which peaked recently at 160 000 t, is in free fall as supplies from Commonwealth of Independent States plunge and demand surges in line with growing stainless steel production. The price is about US$3/lb now but analysts expect this to rise to $4,50/lb-$5/lb — and some optimists believe $8/lb is possible over three to four years.

If this prophecy is fulfilled — and maintained for a while — then Botrest's income will grow exponentially. This kind of spike — last seen in 1988 — could enable it to repay some of those loans. Sadly, this line of argument can't be applied to copper. The market view is that the metal's run is now over, curtailed by perceptions of substantial new production coming on stream from various new mines.

There seems little practical reason to maintain the listing on the JSE. Of course, it does give speculators an easy nickel/copper play at a low entry price. *David Gleason*

ISSUES

COMPANY AND TERMS:	Last day to register	NIL PAID LETTERS Listing begins	Issued	Listing closes	Last day for splits	Date offer closes	FULLY PAID LETTERS OF ALLOTMENT Listing begins	Issued	Listing closes	Last day for splits	Shares listed	Shares issued	PRICES OF LETTERS Take up price (cents)	Price May 2 (cents)	Price May 8 (cents)
PEPGRO — Rights offer 12 new ords for every 100 ords or 6% uns sub aut conv debs held at 2 000c per ord share	21 4 95	24 4 95	28 4.95	17 5 95	18 5 95	19 5 95					18.5 95	29 5 95	2 000	—	—

RESULTS AND DIVIDENDS

Company		Pre-tax profit Rm 1994	Pre-tax profit Rm 1995	% change	Earned cents per share 1994	Earned cents per share 1995	Paid cents per share 1994	Paid cents per share 1995	Sector	Dividends Amount cents	Dividends Register by	Dividends Payable about
ABI	P	149,5	172 9	+16	●86	●104	41 5	51	Beverages	†40,30	26 5 95	28 6 95
Advent Prop	P	24 3	-19,7	-19	★58	★47	★56,03	★47 014	Prop Loan Stock	†★23,06	19 5 95	26 5 95
Afcol	P	55 3	58 3	+5	●161	●212	80,25	105,75	Furniture	†59,75	26 5 95	28 6 95
African Cable	I	4 7	5 5	+17	7	8	4	4	Electronics	*4,00	26 5 95	26 6 95
African Life	P	§17,5	§23 3	+33	27	34	18	22,4	Insurance	†13,40	26 5 95	2 6 95
Afrox	I	118,7	131,0	+10	222	262	88	102	Engineering	*102,00	9 6 95	31 7 95
Altech	P	138,2	142,8	+3	●691	●728	317	330	Electronics	‡330,00	26 5 95	5 6 95
Amrel	P	6 1	33 9	+455	36	●101	#	16	Furniture	†16 00	26 5 95	28 6 95
Apex Prop	P	♦§43,5	§49,4	+14	■♦13	■13	■♦12,92	■12,5	Prop Trusts	■†6,18	12 5 95	31 5 95
BOE	I	12 0	19 3	+61	●♣77	●♣101	21	25	Banks	*25,00	19 5 95	7 6 95
BOE Corp	I	❑	1,8	—	❑	4	❑	1	Banks	*1,00	19 5 95	7 6 95
Boland Bank	P	39,5	54 1	+37	184	241	58	66	Banks	†38,00	26 5 95	3 7 95
Bolton Footwear	P	7,8	11,4	+46	18	25	6	7,5	Clothing	†5,00	2 6 95	30 6 95
Bolton Industrial	P	17,9	22 7	+27	94	134	24	33	Ind Hold	†23 50	2 6 95	30 6 95
Bolton Properties	P	0 21	0,13	-41	2	2	2	#	Property	—	—	—
Boymans	P	0,65	5,1	+676	1	12	#	3	Stores	†3,00	26 5 95	30 6 95
Cargo Carriers	P	10 1	11 3	+12	32	49	6,25	9 7	Transportation	†7,50	2 6 95	30 6 95
CBD Property	P	§34 8	§36,8	+6	■29	■30	■28,53	■30 13	Prop Trusts	■†16,17	19 5 95	31 5 95
Choice	D	—	—	—	—	—	#	29	Food	‡29,00	19 5 95	—
Conshu	P	♠50 3	59 5	+18	♠63	77	♠27	29	Clothing	†17 00	26 5 95	28 6 95
DataTec	P	♠4,1	5 8	+41	●▲♠21	●▲24	❑	▲10 6	Electronics	††1,25	19 5 95	26 5 95
Didata	I	17,5	33,5	+91	●36	●49	—	—	Electronics	—	—	—
Edgars	P	399,1	457 2	+15	450	550	172	210	Stores	†154,00	26 5 95	28 6 95
Eureka	P	8,8	10 9	+24	300	344	150	#	Ind Hold	—	—	—
Growthpoint	P	9 6	16,6	+73	★38	★49	★38	★49	Prop Loan Stock	★†25,00	26 5 95	2 6 95
Intrust	P	2,9	10 7	+264	●12	●13	10 5	12,3	Invest Trusts	†6,70	19 5 95	2 6 95
Landmarks Berhad	P	1,0	11 5	+1052	3	28	2,5	#	Motor	—	—	—
Langeberg	I	27 5	42,8	+56	15	17	4	4 5	Food	*4,50	9 6 95	14 7 95
Main St Prop	P	♦§31 2	§38 2	+22	■♦18	■19	■♦18 35	■18 78	Prop Trusts	■†9,25	12 5 95	31 5 95
Metprop	P	§15,6	§16,5	+6	■26	■28	■26 4	■28	Prop Trusts	■†14,30	26 5 95	2 6 95
NBS Holdings	P	151 6	200 9	+33	●179	●229	59	75	Banks	†50,00	19 5 95	21 6 95
Nedcor	I	469 0	546,0	+16	139	170	29	36	Banks	*36,00	19 5 95	—
Newport	I	§8,4	§13 6	+61	■17	■28	■17 44	■28 06	Prop Trusts	■*28,06	19 5 95	2 6 95
Octodec	I	27 6	33 3	+21	●16	●20	4 6	5 3	Food	*5,30	15 6 95	30 6 95
Pioneer	P	§32 6	§30 0	-8	■29	■27	■29,27	■26 95	Prop Trusts	■†12,50	19 5 95	31 5 95
Plate Glass	P	330,3	358 2	+8	●642	●846	230	290	Ind Hold	†160,00	26 5 95	28 6 95
Portland Hold	I	Z$34,7	Z$48 4	+39	78c	82c	▼2 7	▼3 62	Building	▼*3 62	28 4 95	23 5 95
	P	120,1	133 4	+11	●39	●44	12 1	‡13 25	Electronics	‡13,25	26 5 95	5 6 95
Rainbow Chicken	P	20,4	25,9	+27	5	5	1 65	#	Food	—	—	—
Redgwoods	P	(0 67)	5,1	—	(0 8)	6	#	1,2	Stores	‡1 20	2 6 95	26 6 95
Romatex	I	♠9 9	17 7	+79	♠24	48	♠7	12	Clothing	*12,00	2 6 95	4 7 95
Sea Harvest	I	30,9	39 9	+29	18	23	7	8 5	Food	*8 50	2 6 95	7 7 95
Specialty	P	30,7	39 8	+30	●22	●29	7 6	9,1	Stores	†6,30	19 5 95	—
St	P	♠3,0	6 0	+98	♠8	14	♠4 7	7	Beverages	†4,21	19 5 95	26 5 95
	P	§11,6	§15,4	+32	●45	●59	15,2	18,2	Stores	†12,60	19 5 95	—
Titan	I	(1 2)	1 4	—	(12)	20	#	6	Engineering	*6,00	26 5 95	9 6 95
	P	Z$131 5	Z$101,9	-23	51c	59c	▼8 42	▼6 3	Coal	▼†4,53	26.5 95	13 6 95

P = Preliminary ● = Weighted earnings per share † = Final ★ = Per linked unit I = Interim * = Interim dividend § = Net attributable profit after tax ‡ = Annual # = Dividend passed ♦ = Restated figures ■ = Per unit ♣ = Fully converted ❑ = Not comparable ♠ = Pro forma ▲ = Per combined unit †† = Maiden final Z$ = Zimbabwean dollar c = Zimbabwean cents ▼ = Net after non-resident tax

Steel mill digs in to lagoon site

169A

ARG 13/5/95

WILLEM STENKAMP
Weekend Argus Reporter

■ Saldanha Steel, the company planning the controversial R4 billion steel project near Saldanha, is playing hardball on pleas to move to an alternative site 10 km inland to lessen the danger of pollution to the sensitive Langebaan lagoon.

SHAREHOLDERS of Saldanha Steel, the company that plans to build a R4 billion steel mill near Saldanha Bay, will be advised not to go ahead with the project if the company is told to move the mill to a site further inland

Bernard Smith, executive chairman of Saldanha Steel, was adamant that moving the mill to an alternative site 10 km inland would cost the company its competitive edge in the international steel market

In that case he would feel obliged to advise shareholders not to invest in the project, said Mr Smith

It is estimated that moving the steel mill to an alternative site about 10 km inland would cost Saldanha Steel more than R50 million a year over the next 10 years

Mr Smith said these costs would lose the company its competitive edge in the international market

But he refused to disclose the estimated profit margin of the proposed mill, saying Saldanha Steel was a private company and he was not prepared to disclose these figures to the benefit of competitors

This makes it difficult for independent analysts to evaluate the exact impact the added cost of moving the mill inland would have on the profitability of the scheme

Meanwhile, concern is growing among environmentalists that the relevant authorities may already have made up their minds to give the go-ahead to the project in spite of growing criticism.

Environmental sources believe the fact that Saldanha Steel ordered some equipment for the proposed plant as early as January this year may be an indication that the company had received assurances that it would be allowed to go ahead with the project in spite of criticism

(The company is owned jointly by Iscor and the Industrial Development Corporation)

The fact that some officials, including the Western Cape Premier Hernus Kriel and regional Planning Minister Lampie Fick, are visiting comparable steel plants overseas to investigate the environmental impact, is seen by some as "window dressing"

Iscor officials' rigid line on the move to an alternative site is also perceived by some as an indication that the company has little doubt that the project will be passed as proposed

The Western Cape regional government is to consider a rezoning application for the site from agricultural to industrial at the end of this month.

When asked about the groundwater pollution risk from the plant, Alex Holmes, spokesman for Iscor, admitted that some hazardous material would indeed be produced on the site

"If any specialist report proved to us that the mariculture (mussel farming) industry was in any danger from the storage of this waste, we would then be prepared to move this waste to another site," he said.

Steel exports fall as local demand rises

ST(BT) 14/5/95 (1894)

By CIARAN RYAN

STEEL exports are declining due to sharp improvement in domestic demand

Iscor says it is exporting just 42% of its output compared with 51% last year Iscor spokesman Ernest Webb-Stock says improving margins and rising demand are behind growth in domestic sales.

"Most of our exports are to traditional markets in the Far East. Europe accounts for just 5% to 10% of our total exports. Because we were excluded from this market for so long, it is taking some time to get back into it."

Figures from the SA Rolled Steel Producers' Co-ordinating Council show that primary steel exports are down nearly 8% in the first three months of 1995 compared with the period last year

Improving output in sectors such as white goods and vehicles accounted for much of increased domestic demand for steel.

A total of 816 711 tons of primary steel were exported in the first three months of the year, mainly to Far Eastern markets, compared with 832 359 tons in the 1994 period

Sales of primary steel to Europe, however, are up by 46% in the first three months of 1995. European sales account for just 11% of South Africa's steel exports An Antwerp-based trader representing some of the leading SA steel producers says South Africa can afford to export to the highest bidder Margins on domestic steel are higher than on exports, explaining the shift.

Meanwhile, the European Union's provisional anti-dumping duties against Samancor and Highveld Steel exports of silico manganese castings, due to expire in April, has been extended to June 22.

Mike Salamon, Samancor's executive chairman, says the case could drag on for 18 to 24 months. Samancor has stopped exporting affected products to Europe after being hit by 50% anti-dumping duties six months ago

Several countries, including Russia, Ukraine and Brazil, have been targeted by the European Union. An SA embassy official in Brussels says the anti-dumping investigation against South Africa arises from Europe's reluctance to apply a definitive anti-dumping duty under the "sunset" clause of the World Trade Organisation

"Once you've had an anti-dumping case against you, it is difficult to get out of it," says Mr Salamon. "Nearly all the major producers in the world have been investigated at one time or another for dumping.

"We have co-operated with the European Union in the investigation. If you don't, they assume figures for you. The hang-up we have is in Europe's interpretation of our figures.

"These anti-dumping investigations have a strange and disturbing effect on world trade. It pushes material around the world unnaturally."

Mike McDonald, an economist with the Steel and Engineering Industries Federation of South Africa, says the epidemic of anti-dumping investigations around the world, particularly by the US against steel producing competitors, could be arrested in view of new WTO rules requiring the complainant to prove dumping has injured local producers.

"The US has applied countervailing duties against all SA ferrochrome producers for nearly 15 years because of subsidies paid by the SA government in the 1970s This might be revoked in view of the new rules which require the US to prove injury"

The US steel industry slapped anti-dumping suits on several of the world's leading producers. This has resulted in a resurgence in the US steel sector, giving it time to restructure in the face of cut-throat competition.

There are no dumping complaints over SA steel, however.

Iscor shareholder wants mill moved

(189A) ST 14/5/95

A MILLIONAIRE who holds the largest private shareholding in Iscor has claimed that the corporation has inflated potential costs of moving a controversial steel mill project in an attempt to avoid doing so.

By CHARL DE VILLIERS

Ian Moultrie supports moving the Saldanha Steel Project from the ecologically sensitive Langebaan wildlife sanctuary. He says Iscor should evaluate alternative sites and submit its findings to public scrutiny

The 50-year-old retired businessman says the project may be suppressing figures which would back "green" arguments for the move

Mr Moultrie says he wants the project to flourish — but not where Iscor wants it. He also questions Iscor's haste in wanting to get the project running at the disputed site

Critics want the R3,6-billion steel mill moved from its planned site, less than a kilometre from the lagoon area, to other Iscor-owned land 10km further inland

They say the mill will cause pollution, be a blight on the environment and attract large-scale industrial development near a wetland of international importance and in sight of the West Coast National Park.

Iscor's environmental study found the site was suitable provided the visual impact of the plant was minimised. Mr Moultrie says the corporation seems to think the environmental problems can be solved "with a coat of paint"

Shifting the project would entail a R53-million capital cost and an extra R50-million rand a year in operating costs, which Iscor says is too expensive.

The Western Cape provincial government must decide by May 31 whether to allow the site to be rezoned from farming land to industrial use.

Bernard Smith, Engen chief and executive chairman of the project, has indicated that he intends to start preliminary work soon, possibly by June 1.

The project, relying on state-of-the art Corex technology, is expected to earn South Africa R1,6-billion a year in foreign exchange. It will turn cheap but high-grade Sishen iron ore into 1,23 million tons a year of hot-rolled coil for export.

Iscor shareholders can look forward to a relatively high 12 percent projected internal rate of return a year, according to a report by stockbrokers Ivor Jones, Roy and Co.

"We have to ensure competitiveness. Additional annual running costs of R50-million will jeopardise the robustness of the project in the volatile world steel market," Mr Smith said.

But Mr Moultrie says Iscor has presented at least four different sets of costing figures to back its claim that the move is too expensive.

"Mr Smith says the extra costs would lose the company its competitive edge, but he won't divulge the profit margin because it might benefit competitors. More likely it will benefit the environmentalists.

"We deserve to know what the change in return will be if R50-million a year is added to the cost, if it is indeed that much," Mr Moultrie said.

Mr Smith said he did not know where the 12 percent figure came from, but it assumed a uniform steel price in a fluctuating market.

Mr Moultrie said the slump in the steel industry gave Iscor time to consider environmental reports.

The Minister of Water Affairs and Forestry, Professor Kader Asmal, has ordered an urgent reassessment of the project's potential affects on water resources.

'SHORTCOMINGS IN ENVIRONMENT STUDY'

CT 15/5/95 (189A)

Saldanha: No decision

CONTROVERSY: The Western Cape government will evaluate the consequences of the Saldanha Steel project before a decision is made, **CHRIS BATEMAN** reports.

SHORTCOMINGS in the CSIR environmental impact study for the proposed Saldanha Steel plant included the lack of a cost assessment for moving the plant 10km inland and the local impact of satellite industries, independent evaluator Dr John Raimondo told the Western Cape government

Provincial Agriculture, Planning and Tourism Minister Mr Lampie Fick made this statement on the eve of his departure for an in-depth study of two waterside steel mills in Canada and the US

Mr Fick appointed Dr Raimondo to redress these shortcomings and to assess the figures which Iscor is using to justify its reluctance to move the site

Mr Fick said Dr Raimondo, while lauding the CSIR report for it's work, had criticised the narrow terms of reference his colleagues were given to work with

Another oversight in the terms of reference was the lack of a study on the visual impact of the 400Kw power line from Koeberg which the mill would need

Dr Raimondo is the former head of UCT's environmental evaluation unit

Central to his investigation is Iscor's claim that an inland shift would cost them R50 million a year in production costs which would make them uncompetitive in the world market

Dr Raimondo's final report will be made to the central objectors, such as the World Wildlife Fund, lawyers for local farmers and Iscor under Mr Fick's chairmanship on May 25 "We need more clarity before the cabinet can take any decision at the month's end," Mr Fick said

Interdict

Several farmers have threatened to bring an interdict preventing a decision on rezoning the land from agricultural to industrial use while environmentalists fear lasting damage to the wetlands which form one of the world's last refuges for rare migratory birds

Mr Fick said he did not detect any "softening" of Iscor's threat to move to another province if their present shoreline site was not approved Iscor had given him an overview of the world steel markets which helped him realise how competitive it was

"It's complicated, there are only four mills manufacturing steel from raw ore with some 70% of North America's mills using scrap from the motor industry The local process from raw ore would be much cleaner."

He denied having any position on the issue and said Trade and Industry Minister Mr Trevor Manuel's support for the project indicated the government's 50% investment "But there's no way any government will prescribe to the Western Cape," Mr Fick said

Ruling on Saldanha pollution 'this week'

(189A) BD 15/5/98

EDWARD WEST

CAPE TOWN — Water Affairs and Forestry Minister Kader Asmal was likely to decide on the findings of a departmental inquiry into the possibility of water pollution at the site of the planned steel mill at Saldanha Bay this week, a spokesman for the minister said

He said the minister carried the ultimate authority on any matter that might pollute water The Minister had received several reports from individuals and organisations criticising the siting

The Western Cape provincial government still has to decide on the rezoning of the proposed site from agricultural to industrial A number of individuals and organisations have threatened legal action if the plant goes ahead at the site

Saldanha Steel reiterated on Friday that to move the plant 10km inland would add an additional R50m a year to operating costs "It's not that we want to sound inflexible, but there is no flexibility," Saldanha Steel CE Bernard Smith said

Meanwhile, JSE analysts polled for their opinion on the heated environmental debate over the siting of the plant were divided between the job creation and economic benefits and the concerns of environmentalists However, they noted that the environmental debate was taking place before construction started

'In most developed countries the environmental debate takes place before a sod is turned," one said

Some analysts questioned the timing of the expected commissioning of the plant in relation to the international steel demand cycle, though Smith said it was impossible to accurately predict demand cycles over the 25-year life span of the plant. An analyst questioned the political consequences of government providing half the equity for the plant

'Is it government's role to be involved in one company? If so, why not others," he asked Another commented that without government involvement the capital cost of the plant would have been prohibitive

Saldanha Steel, which will be a 50%-50% joint equity venture of Iscor and the Industrial Development Corporation, was the last company in SA to receive the Section 37E accelerated depreciation allowance

Work resumes after labour conflict at Alusaf site

189A

Farouk Chothia

DURBAN — Construction work at the Alusaf Hillside smelter project in Richards Bay resumed yesterday, with just over half the workforce reporting for duty, according to Alusaf spokesman Tom Ferreira

The site was closed last week after contracted construction workers went on strike About 50 people were injured on Wednesday when security personnel opened fire on demonstrating workers

Ferreira said the site was quiet and peaceful yesterday, and he was confident that all workers would return today Construction and Allied Workers Union (Cawu) spokesman Bonginkosi Mncwabe said he had received reports that supervisors were afraid to work because of last week's disturbances A meeting was to have been held late yesterday to address their concerns, but the outcome of the meeting could not be established last night

The strike started after workers, employed by Rumdel Construction, complained about alleged deficiencies in safety equipment They also demanded permanent jobs after their contracts expired

Mncwabe said his information was that about 3 500 people had gathered for a while outside the site yesterday morning, seeking permanent employment from Alusaf

Ferreira said that while Alusaf sympathised with the job seekers, highly-skilled personnel were needed because of the "state of art equipment" that would be used to ensure the smelter was internationally competitive Latest technology was purchased from Aluminium Pechiney in France

BD 16/5/95

Operators required a minimum standard nine pass with mathematics and science as subjects, and Alusaf still had to send them for further training About R50 000 was budgeted for additional training during 1994/1995 About 200 recruited operators had already been sent to countries like France for the training

Mncwabe said Alusaf needed to assure job seekers that they would be employed as labourers and drivers once opportunities arose

Ferreira said there would be about 300 permanent jobs in areas such as catering and security, but these would be contracted out to businesses that specialised in such fields

Alusaf was making every effort to employ local people Close to 100% of the 350 operators already employed were from KwaZulu/Natal, and more than 50% of them lived within a 50km radius of the smelter

Alusaf was employing more direct labour then its international competitors It would employ about 1 100 people for the production of aluminium, he said, exceeding the international norm by about 200

Steel mill: Minister 'has no jurisdiction'

(189A) (86) (867)

Political Correspondent

ENVIRONMENTAL Affairs Minister Dawie de Villiers says he has no jurisdiction over whether the Saldanha steel project will go ahead

He was asked in the senate by Errol Moorcroft (DP) whether he had given permission for the project

ARG 17/5/95

"I have no jurisdiction with regard to this matter," Dr De Villiers said in a written reply yesterday.

He said an application by VKE Consulting Engineers, on behalf of Iscor, for the rezoning of farmland on the West Coast for industrial purposes was being considered by the Provincial Administration of the Western Cape.

● Posts, Telecommunications and Broadcasting Minister Pallo Jordan has ordered a probe into the restructuring of Telkom.

He told the national assembly he had ordered Telkom's board to look into options "of totally transforming the company into a world-class, customer-driven company".

Replying to a question by Kobus Jordaan (DP) about whether Telkom was to be privatised, Dr Jordan said a dimension of its transformation would be the restructuring of Telkom's equity.

"The process of identifying suitable opportunities for equity restructuring is guided by the board, in close liaison with myself, relevant cabinet committees and other significant stakeholders.

"The process of identifying an adviser will be transparent and will involve competitive bidding"

Dr Jordan said he would make a statement on the issue "in due course"

Saldanha residents 'fired up' over Iscor steel plan

JOHN YELD
Environment Reporter

DETAILS on the chemical composition of waste water from Iscor's proposed steel plant at Saldanha Bay were not given to the team doing the environmental impact assessment, in spite of several requests

This means the potential threat to groundwater in the area — one of the key environmental issues of the proposal — has not been assessed and does not form part of the environmental impact assessment report by the Council for Scientific and Industrial Research (CSIR)

This is one of the points in a separate report by University of Cape Town marine scientist and Ph D candidate, Neville Sweijd, which will form part of a full-scale objection by a group of Langebaan area property owners.

Mr Sweijd said he presumed data on raw materials, effluents and emissions had been supplied in good faith by Iscor to the relevant specialists who contributed to the impact assessment report.

"(But) I feel independent verification of this data is required.

"I have reached this conclusion since learning that Keith Wiseman, project manager of the environmental impact assessment, could not obtain data regarding the chemical composition of waste water, despite several requests."

The CSIR report concluded that groundwater pollution would occur, despite precautions taken.

"Since no data on the composition of the 200 000 litres a day of effluent were supplied, despite several requests by the CSIR, the potential threat is unassessed.

"In other words, the effect of groundwater pollution cannot be assessed given the data supplied, and any conclusions drawn from the supplied data are preliminary at best."

Also, because the cumulative impact of further development — such as secondary industries and the enlarging of the harbour — had not been addressed, the CSIR's environmental impact assessment was "conceptually flawed at the most fundamental level", Mr Sweijd said.

Claremont attorney Richard Marcus, who is representing several property owners in the Langebaan area, said they would meet this weekend to pull together all information about the proposed steel plant and its possible effects.

This would be consolidated into a single report which would be sent to the decision-makers.

Mr Marcus has already told Western Cape Premier Hernus Kriel that the property owners believed the rezoning application for the proposed plant was not properly advertised, and that they reserved their rights in this regard.

Mr Kriel has responded by saying the issue has been referred to his Minister of Development Planning, Lampie Fick.

waste water (1894)
ARG 18/5/95

NEW TURN IN SALDANHA STEELMILL ROW

Iscor 'to cut Gauteng jobs'

CT 19/5/95

(189A) (88)

CONTROVERSY over the Saldanha steelmill intensifies with the suggestion that higher profit, at an overall loss of jobs, may be the main motivation. **CHRIS BATEMAN** reports.

ISCOR'S admission that it intends downscaling its Vanderbijlpark steelmill with a loss of 3 910 jobs in favour of the controversial proposed Saldana steelmill was so "extraordinary" that it virtually forced Environmental Affairs Minister Dr Dawie de Villiers to order a probe

This was said yesterday by Mr Alistair van Huysteen, a lawyer representing three Langebaan Lagoon property trusts and the Citizens Review Group — which consists of academics, lawyers and landowners opposed to the R4,6-billion Saldanha project

Langebaan has been declared a wetlands of international importance by the Ramsar Convention because of its crucial role in the global migration of many rare and endangered bird species

Mr Van Huysteen was speaking on the eve of a meeting today between Water Affairs Minister Professor Kader Asmal and some of the country's leading marine scientists, biologists and the Langebaan marine culture industry over expected ecological damage

He said the revelation of the overall loss of jobs — contrary to Iscor's claims that it would actually be creating more jobs — in circumstances in which an entire eco-system was threatened, demanded that Dr De Villiers fulfil his legal obligations, under the Environmenal Conservation Act, to appoint an inquiry if the environment could be seriously endangered

Yesterday's bombshell came from an interview with Iscor's executive director, Mr Kevin Robertson, due for publication today in SA Mining magazine, in which he admits the direct link with Saldanha in the three-to-five year downscaling of Vanderbijlpark's operations

He also reportedly admits that the expected R1,6bn annual forex income from Saldanha is the "same income (as Vanderbijlpark) but not the same profit (Saldanha's being higher)"

Ms Zolia Rumble of the CRG said it appeared Iscor were closing down their Vanderbijlpark mill and moving it to Saldanha because of tax benefits and the major investment by the IDC, which meant the taxpayer had a very direct interest

KEY MAN: Water Affairs Minister Prof Kader Asmal, a key man in the steel mill controversy

Mill 'no threat to to environment'

CT 19/5/95 (18914)

BARRY STREEK
POLITICAL STAFF

IT was unlikely there would be sufficient environmental damage to the Langebaan Lagoon ecosystem to warrant informing the Convention on Wetlands of International Importance, the Ramsar Convention, Environment Minister Dr Dawie de Villiers said yesterday

He also said it was possible for a national park with increasing tourism potential to co-exist with a busy industry harbour town without harming the environment

Dr De Villiers spoke about the steel project during debate on his vote in the National Assembly

He had received several requests asking him to inform the secretariat of the convention that the Langebaan Lagoon ecosystem would probably be adversely affected by the steel project

"However, information at my disposal regarding the possible environmental impact of this development is not sufficient to warrant such a step The matter is being monitored If and when further facts become available, they will immediately be brought to the attention of the secretariat"

Iscor would have to guarantee that its operations would not undermine "the exceptional ecology of the Langebaan Lagoon"

'3 900 jobs will be lost with Saldanha plan'

(189A)

ARGT 19/5/95

JOHN YELD, Environment Reporter

OBJECTORS to Iscor's proposed R3,6 billion plant at Saldanha Bay have accused the steel giant of misrepresentation, saying that far from creating jobs the project will mean a nett loss of about 3 900 jobs in its overall operation.

This is because the proposed Saldanha plant, which will provide about 600 new jobs, will replace the hot rolled coil operation at Iscor's huge Vanderbijl Park plant with the loss of 4 500 jobs.

The accusation came during a press conference yesterday by the Citizens Review Group, which is strongly opposing Iscor's plans

The group released advance copies of an interview with Iscor executive director Kevin Robertson in SA Mining magazine, published today

The article says rationalisation at Vanderbijl Park, Iscor's flagship operation, meant that "some 4 500 jobs will be lost to attrition or transfer"

The article describes Iscor's claim that Saldanha's hot rolled coil exports will earn R1,6 billion in exports as "almost a sleight of hand", as most of that is currently earned at Vanderbijl Park

It quotes Mr Robertson as conceding "It's the same income we're looking at, but not the same profit"

Review group member Neville Sweijd said Iscor's whole justification for the Saldanha plant had been new job creation and support for the reconstruction and development programme

"This just flies in the face of those claims."

Lawyer Alastair van Hyssteen, acting for the Citizens Review Group, has called on Environmental Affairs Minister Dawie de Villiers, regional premier Hernus Kriel and regional minister of agriculture, tourism and planning Lampie Fick to appoint a board of inquiry

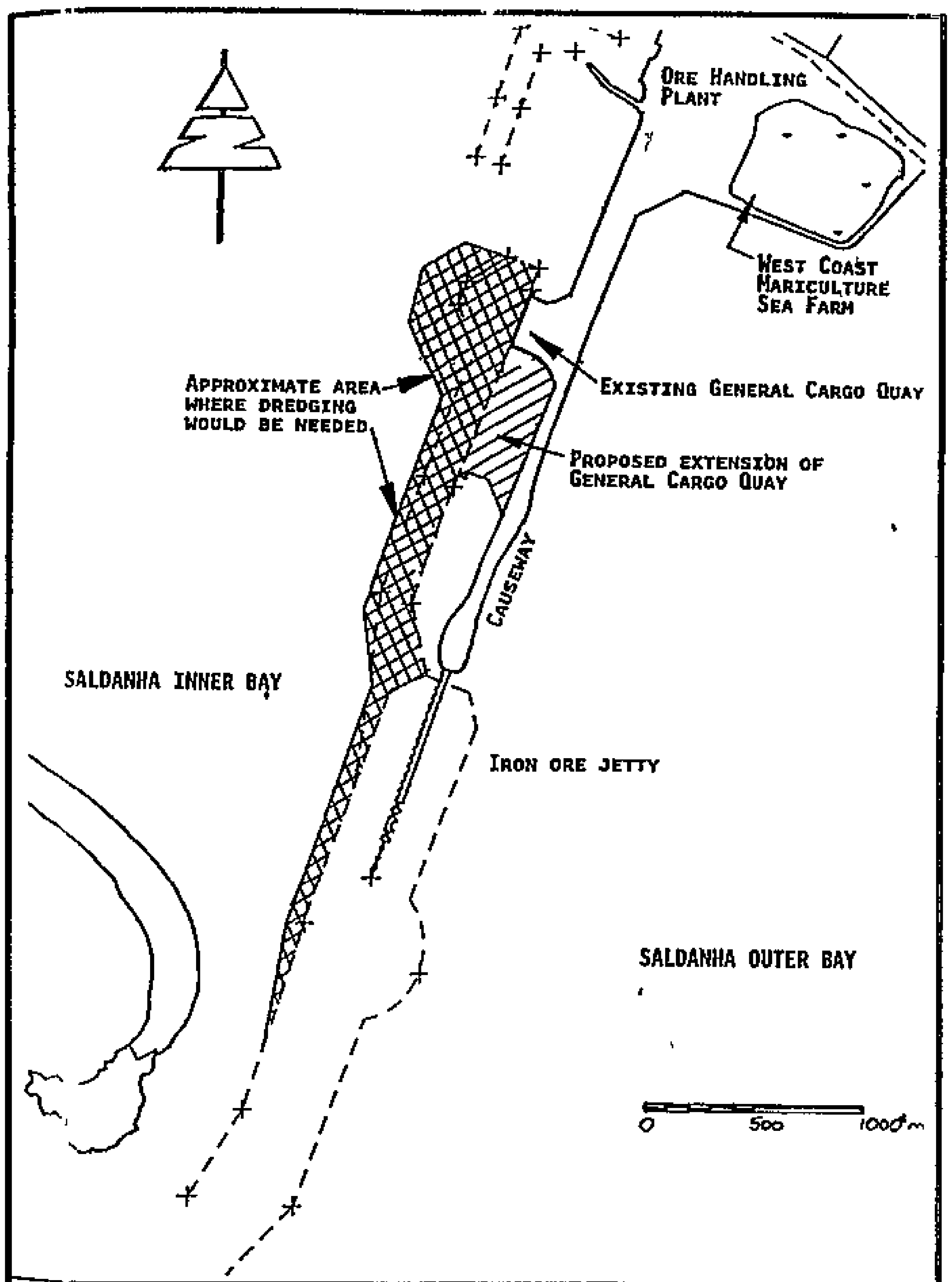


Diagram showing the proposed extension of the General Cargo Quay

Figure 2

INTO THE BAY: A graphic illustration of proposed extensions to Portnet's general cargo quay at Saldanha Bay. The extensions will be required if Iscor's Saldanha steel project gets the go-ahead

Saldanha Bay harbour assessment under way

AFH 19/5/96 (189A)

Environment Reporter

A MAJOR impact assessment of Portnet's proposal to increase its general cargo quay at Saldanha Bay — partly because of Iscor's proposed new steel plant nearby — is underway

The study by the Council for Scientific and Industrial Research (CSIR) was commissioned because of concerns raised during the impact assessment for the proposed steel plant

The present general cargo quay is 250 m long and used mainly for the export of lead, copper and zinc concentrates

Portnet's proposal includes enlarging the quay by at least another 250 m, to allow two ships to be berthed at the same time, and possibly by as much as 500 m

The extension will require deepening and extending the navigation channel along the quay to allow two or three ships to berth alongside at the same time, and for ships to pass other ships already berthed

The proposed extension will allow ships of up to 60 000 tons to use the quay instead of the present 30 000 ton limit

Blasting will probably be necessary to remove rocky outcrops on the sea floor

The draft scoping report, which identifies concerns and possible impact of the proposal, states that the Namakwa Sands beneficiation plant at Saldanha will bring the use of the general cargo quay close to capacity

Potential impacts identified and which should be addressed in the final impact assessment report of the proposed extension include

- Risk of an unacceptable impact on the ecology or mariculture industry in Saldanha's inner bay,
- Risk of pollution from accidents due to the effects of increased shipping acitivity in the bay,
- Risk of pollution from illegal or accidental discharges and spillages,
- Impact of dredging on water circulation, sedimentation and beach stability in the inner bay,
- Impact of dredging activities on boating, sailing and other recreational acitvities in Saldanha Bay,
- Risk and possible impact of pollutants in sediments,
- Options for the disposal of excess dredged material,
- Risk of cross-contamination of products and materials on the cargo quay,
- Risk of water pollution due to spillages, overflows, stormwater runoff and other sources,
- Possible dust impact, such as from unloading coal, and
- Risk of losing marine archaeological artifacts

Iscor defends new plant

(1891) (☐) BD 19/5/95

Edward West

CAPE TOWN — About 4 500 jobs would be lost at Iscor's Vanderbijlpark steel works with its R3,5bn downsizing during the next eight years, irrespective of whether the planned steel mill at Saldanha Bay was built or not, Iscor MD Hans Smith said

He was responding to allegations last night by environmental groups which claimed that the job creation and foreign exchange earning arguments being touted as reasons to build a new plant in Saldanha Bay were "nothing more than red herrings".

Attorney Alisstair van Huysteen, who represents three land trusts in the Saldanha Bay area, said "Contrary to suggestions that the plant is going to bring substantial new jobs, there is instead going to be a substantial loss of employment in Vanderbijlpark"

The proposed plant in Saldanha Bay was expected to create 600 permanent jobs and about 4 000 jobs during construction.

Van Huysteen appealed to Environmental Affairs and Tourism Minister Dawie de Villiers to constitute an independent board of inquiry into the environmental aspects of the proposed Saldanha plant, as the existing environmental impact study had been called into question

Smith said the downsizing of Iscor's production to 5-million tons from the current 6-million tons was essential "The tonnage is already costing us money — it's simply too expensive to produce." He said 1 500 jobs would be lost at Newcastle this year

Striking Tanker Services worker killed by truck

BD 19/5/95

Renee Grawitzky

A WORKER was killed this week during a wage strike by 600 members of the Transport and General Workers Union (TGWU) at Tanker Services in Germiston.

TGWU spokesman Malcom Ray said the worker was run over and killed by a truck driven by a white subcontractor, who had been employed during the two-week strike

Tanker Services MD Derrick West said the incident had been taken up by the SA Police Services, who had laid a charge of culpable homicide against the subcontractor.

Workers had fired shots at the subcontractor as he drove off from the accident, and he could lay charges of attempted murder, West said.

Ray said the union held the company responsible for the death as they had hired scab labour, contrary to the request of the union The union regarded legal strike action as an extension of collective bargaining

West said strike rules were in place The rules had mainly been adhered to, except for the KwaZulu/Natal area.

The strike arose over a dispute about wages The union was demanding a 15% across the board increase, whilethe company was offering 13,5% or 12,5% if they went on strike.

Meetings were held yesterday and would remume today in an attempt to resolve the dispute.

Tensions simmer at Alusaf's site

Nicola Jenvey

1899

BD 19/5/95

DURBAN — Construction wor[illegible] were back on site at the Alusaf Hillsid[illegible] smelter, yesterday and a meeting betw[illegible] community representatives, Alusaf and local police was scheduled for this morning following violent incidents last week.

Alusaf Richards Bay spokesman Lorraine Lennon said yesterday violence had flared again, despite commitments by community and traditional leaders, workers' representatives and management to end it A Tuesday meeting with local chiefs and the Richards Bay mayor was supposed to normalise actvities

"Despite efforts made by workers' representatives party to the agreement, a small element among the 5 300 construction workers on site could not be controlled," police advisor Sipho Lekele said.

Lennon said Alusaf had been forced to request full-time law enforcement last Thursday "to ensure the safety of workers and contractors' personnel"

The Work Seekers' Committee, an organisation of unemployed Richards Bay residents, were upset employment would be reduced once construction was completed, to about 1 500 jobs

Genmin spokesman Tom Ferreira said 1 100 were on Alusaf's payroll. The remainder were contractors.

The 350 positions needed at the new plant were filled from the Richards Bay and KwaZulu/Natal area.

Lennon said the disruptions were unlikely to delay the scheduled June 14 start-up.

'Iscor upgrade no link to Saldanha'

By BRONWYN LITTLETON

Iscor plans to modernise and upgrade its Vanderbijlpark operations, but denies that more than 4 000 jobs will be lost or that the plan is linked in any way to its proposed Saldanha steel operation.

In a statement yesterday, Iscor managing director Hans Smith said the decision to upgrade the Vanderbijlpark operation had been taken long before the company decided to go ahead with the controversial Saldanha mill.

News reports yesterday said the company planned to downgrade the Vanderbijlpark operation in favour of developments at Saldanha. This would be at the cost of 4 000 jobs in the Vaal Triangle, the reports said.

"The one has nothing to do with the other," Smith said, adding that decommissioning two of the blast furnaces at Vanderbijlpark was logical as the plants had "reached the end of their economic life".

This would result in "a more balanced utilisation of downstream facilities, together with a significant reduction in fixed cost".

The workforce would be reduced from 16 000 to about 14 000 over the next five years.

"Nobody is going to be retrenched. The reduction in the workforce is through natural attrition," he said.

Yesterday's news reports came in the midst of an environmental row over the Saldanha project.

The reports emerged after a Citizen's Group Review meeting in Cape Town at which the group released an interview in SA Mining magazine with Iscor executive director Kevin Robertson.

According to the interview, operations involving over 1-million tons of hot rolled coil steel would be phased out at Vanderbijlpark.

Review of study

Water Affairs Minister Kader Asmal met top scientists yesterday to discuss the effect that the new plant would have on the water supply to the Saldanha region and also the effect this would have on the Berg River system, which supplies water for much of the Cape Town metropolitan area.

After the meeting, Asmal ordered a review of Iscor's environmental impact study.

Star 20/6/95

'Iscor to profit at public's expense'

(189A)

By CHARL DE VILLIERS

ISCOR is set to make R700-million a year from its controversial Saldanha Steel Project — but at the expense of 3 900 jobs, no new valued-added exports and R1-billion in taxpayers' money to boost its profits.

So says Iscor's biggest private shareholder, Ian Moultrie, who this week accused the iron and steel giant of widescale deception in its defence of the project's proposed site near the environmentally sensitive Langebaan lagoon.

Iscor is adamant that it will not move, saying even a 10km shift inland will add R50-million to annual operating costs and compromise the project's robustness, when world steel prices dip.

It has refused to say how it works out the extra costs. Critics like Mr Moultrie believe Iscor is inflating its figures to justify staying at the site

"Iscor has misled government, public and shareholders," Mr Moultrie says. "There will be no extra foreign exchange, no extra exports, no extra jobs. One billion rand of taxpayers' money is being used to improve one company's profits.

"This isn't free enterprise, it's plunder"

Mr Moultrie's remarks follow this week's bombshell disclosure that Iscor planned to cut back its ageing Vanderbijlpark operation, shed 4 500 jobs and move its hot-rolled coil production to Saldanha.

Mr Moultrie says the project will merely replace Vanderbijl's existing export capacity. It will employ just 600 people.

Iscor says the project's exports will still earn about R1,6-billion in foreign exchange — but with lower costs and higher profits.

In other developments this week.

- Water Affairs Minister Kader Asmal ordered a comprehensive probe into the project's possible effects on water resources, but said there was not overwhelming evidence of likely pollution,
- Critics demanded that Environment Minister Dawie de Villiers set up an inquiry; and
- Independent environmental consultant John Raimondo said he would present his findings to the Western Cape Planning Minister, Lampie Fick, on Thursday

Mr Fick has to decide by the end of the month if he will rezone the site.

Meanwhile, the project's chairman, Bernard Smith, refused to confirm or deny Mr Moultrie's calculations

"This sort of calculation is never given out."

ST 21/5/95

Parks Board meets on mill

AFCT 22/5/96 (SB) (189A)

CHRIS BATEMAN

THE National Parks Board's curators meet this morning, under the chairmanship of former Gencor director Mr Naas Steenkamp, to decide their position on the increasingly controversial R4,6 billion Saldanha Steel Project at Langebaan

This was confirmed last night by Mr Steenkamp, who angrily rejected rumours linking the Parks Board's lengthy silence with his historical personal ties with Iscor managing director Mr Hans Smith and Saldanha Steel's chairman Mr Bernard Smith

"I was a director of Gencor I have not been offered a position of any kind by any person — with rubbish like that you're spoiling my evening," Mr Steenkamp said

Parks Board chairman Mr Robbie Robinson publicly objected on environmental grounds last month to the current siting of the new steel mill The Parks Board reacted quickly, saying this was not the official standpoint

Mr Steenkamp said yesterday the Parks Board had found itself in the position of having seemingly taken a position on the topic without having met to consider any proposals or having taken any decisions

Consultant

It was reliably learned last night that environmental consultant Dr John Raimondo had whittled down by R3 million Saldanha Steel's claim that moving their current site 10km further from the harbour's edge would cost them an extra R50m per annum

He is also believed to have considered favourably the Saldanha Steel-owned Langeberg Farm (inland across the R27 coastal road) as an alternative site — but to have found no fundamental environmental objections to the current site

A former head of UCT's environmental evaluation unit, Dr Raimondo will deliver his appraisal of the limited Saldanha Steel-commissioned CSIR environmental impact study this Thursday He could not be reached last night

Thursday's meeting will be chaired by provincial Agriculture, Planning and Tourism Minister Mr Lampie Fick, who commissioned Dr Raimondo

Besides objections to the cumulative effect of relatively small contaminated water discharges, environmentalists say dredging, extension of the harbour quay and 60 000-ton tankers in the harbour, plus secondary industry, will eventually kill the highly sensitive Langebaan Lagoon

The lagoon hosts several endangered migratory species as well as a thriving marine culture and fishing industry

The Berg River is over-exploited as a water source and severely stressed ecologically, says University of Cape Town freshwater ecologist Brian Davies He is concerned the proposed Iscor steel plant and associated developments will consume substantial volumes of water from the river and its environs He's asked for a full assessment of regional water needs before a decision is taken — something Water Affairs Minister Kader Asmal agreed to last week. Environment reporter JOHN YELD looks at Professor Davies's report

(189A)

ARG 22/5/95

Saldanha mill: Years of silence

AN EXHAUSTIVE investigation of the Western Cape's water resources has been under way for about five years, but the people involved were not told about Iscor's planned steel plant at Saldanha Bay, or the associated development, said Brian Davies of the University of Cape Town's Freshwater Research Unit.

Last week he released his comments on Iscor's proposal in an open letter *The implications of the development for the water resources of the region*

He pointed out that he had been intimately involved in the review of the region's water resources — the "Western Cape System Analysis" — by the Department of Water Affairs

This had been undertaken over half a decade and had involved scientists, researchers and engineers. It had yielded a wide variety of "invaluable" documents

But nowhere during the exhaustive process of research and analysis had there been "any hint" or mention of Iscor's Saldanha proposal

"In the light of the fact that the Iscor project is in advanced stages of planning — and must have been in the planning stage for at least two years, if not much more — I find the silence disturbing insofar as many of the recommendations and decisions that I have been involved in now appear to be compromised, particularly those associated with the Berg River Basin," Professor Davies said

Before there could be any sensible assessment of Iscor's proposal, key questions about the water issue needed to be answered

These included

- How much freshwater will be consumed by the plant daily and annually?
- How many and what type of satellite industries are envisaged and what are their water requirements?
- What are the water requirements of the necessary infrastructural developments that will occur?
- How many people will enter the region to settle and find employment and what are their water requirements?
- What will meet these water requirements and in what form — new reservoirs, heightening existing structures, inter-basin transfers, groundwater exploitation, and so on?
- What are the socio-economic implications of such water-resource developments For instance, what will the impacts be on irrigation farmers in the region?

The primary problem already facing the Berg River was over-abstraction, Professor Davies said

Because the river flowed through increasingly arid country, existing developments upstream had already substantially lowered the mean annual run-off

The situation was already serious, and with further abstractions likely — such as the proposed Skuifraam Dam and the Iscor plant and associated developments — there were grave dangers of irreversible damage to the lower sections of the river

"In short, the ecological problems of the Berg River are complex, to say the least," Professor Davies said

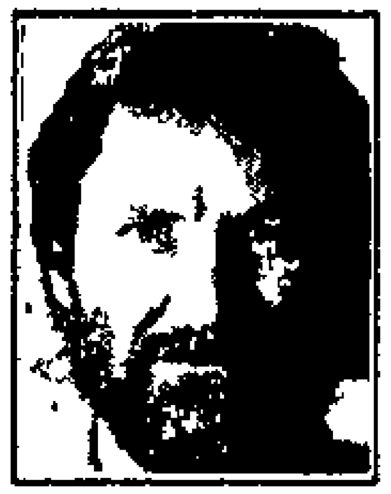
"I urge that any decision to allow the proposed steel mill development at Saldanha be delayed until accurate and comprehensive water consumption estimates have been ascertained, the water supply situation has been assessed, the ecological implications have been researched fully, and the amount — and adequate disposal — of wastes has been calculated and appropriate systems designed to deal with such problems"

Nonsense — Dawie does have jurisdiction

ARU 22/5/96 (156) (169A)

GREEN SCENE

John Yeld



YES, Dr De Villiers, you *do* have jurisdiction!

Conservationists, environmentalists, politicians and — particularly — lawyers have been astounded by the response of South Africa's Environmental Affairs Minister to a question in the senate by "green" watchdog Errol Moorcroft

The Democratic Party senator asked the minister whether he had given permission for Iscor's controversial hot rolled coil steel plant (it sounds like something that can do serious damage to your teeth!) at Saldanha Bay

His written response was "I have no jurisdiction with regard to this matter"

Nonsense

South Africa's revised Environment Conservation Act has been on the statute books for several years now and — on paper, at least — it is a tough document Not only does it give the minister wide powers to act in instances when environmental degradation occurs or threatens, but it imposes an obligation on him (or her) to act

This is not a legal column but, given the seriousness of the issue at hand, it's worth looking at the Act in some detail

Section 31A states

"Powers of Minister, Administrator, local authority or government institution where environment is damaged, endangered or detrimentally affected — (1) If, in the opinion of the Minister . any person performs any activity or fails to perform any activity as a result of which the environment is or may be seriously damaged, endangered or detrimentally affected, the Minister may in writing direct such a person —

"(a) to cease such activity, or

"(b) to take such steps as the Minister may deem fit, within a period specified in the direction, with a view to eliminating, reducing or preventing the damage, danger or detrimental effect"

Pretty clear, even to non-lawyers.

And there's not only that — Dr De Villiers has ready waiting for him regulations that allow him to declare limited development areas, where proposals such as Iscor's steel plant would be banned Surely Langebaan (although admittedly not necessarily the existing industrial area) would be a prime candidate

All that's required is the political will to put these regulations into place — something that seems to be lacking.

Whether Iscor's proposed plant *will* actually cause severe environmental degradation is a moot point.

Also, in fairness, Dr De Villiers appointed the Council for the Environment to review the CSIR's environmental impact assessment report of the project The council gave it the thumbs-up

What Dr De Villiers should have done was to appoint a board of investigation — as provided for in Section 15 of the Environmental Conservation Act

Fortunately, his colleague — Water Affairs Minister Kader Asmal — has stepped in and done the job for him by ordering a review of water-related issues.

Dr De Villiers may well be right in suggesting it's unlikely the proposed steel plant will cause major damage to the Langebaan lagoon.

But, given the system's importance, he should have ordered a separate, independent inquiry to set the public's collective mind at rest

And, at the very least, he should acknowledge his legislative powers to act when necessary — then use them.

Iscor steel mill is 'reconsidered'

Edward West 18919 (56)

CAPE TOWN — The potential development of downstream industries around the site of the proposed Iscor steel mill in Saldanha Bay had forced the Water Affairs and Forestry Department to reconsider its initial approval of the steel mill, Minister Kader Asmal said on Friday.

Asmal said the department's regional officers had initially indicated their approval of the plans to establish the Saldanha Steels plant. BD 22/5/95

"It is only recently that the issue of downstream industries has been raised. Saldanha Steel had yet to apply for permits for the control of industrial effluent and for the establishment of a solid waste disposal site," said Asmal.

On Friday Asmal met the CSIR, which carried out a study of the environmental effect on the site, and representatives from organisations such as Sea Fisheries, the World Wildlife Foundation, National Parks Board, Mariculture Association and the University of Cape Town to discuss the environmental effect of the plant.

Asmal said further studies would be required before a final decision could be made. The following would be considered a review of the ecological water requirements of the Berg River, the use of water resources east of Saldanha to replenish the Berg River, monitoring committee to check on the plant's performance and the need for further physical planning for the region.

Asmal said the region was depressed and the community was eager to have the plant established as soon as possible However a balance between environmental conservation and economic development would have to be achieved, he said.

'Iscor pulling a fast one on poor Saldanha'

Star 22/5/95 (189A)

RESIDENTS of Saldanha say Iscor is playing a game of 'sleight of hand' over its proposed steel mill near the town, reports Environment Reporter John Yeld

Objectors to Iscor's proposed R3,6-billion plant at Saldanha Bay have accused the steel giant of misrepresentation, saying far from creating jobs the project will mean a loss of around 3 900 jobs in its overall operation

This is because the proposed Saldanha plant, which will provide about 600 new jobs, will replace the hot rolled coil operation at Iscor's huge Vanderbijlpark mill with the loss of 4 500 jobs

The accusation came during a press conference yesterday by the Citizens' Review Group, which is strongly opposing Iscor's plans.

The group released advance copies of an interview with Iscor executive director Kevin Robertson in SA Mining magazine, due for publication today.

The interview states that rationalisation at Vanderbijlpark, Iscor's flagship operation, will see the phasing out over the next five to eight years of 1-million tons of hot rolled coil steel.

"Some 4 500 jobs will be lost to attrition or transfer," it states.

"Vanderbijlpark's export loss creates an opportunity for Saldanha, which should come on stream in about three years"

The article describes Iscor's claim that Saldanha's hot rolled coil exports will earn R1,6-billion in exports as "almost a sleight of hand", as most of that is currently earned at Vanderbijlpark.

It quotes Robertson as conceding "It's the same income we're looking at, but not the same profit"

Review group member Neville Sweijd said Iscor's whole justification for the Saldanha plant had been new job creation and support for the Reconstruction and Development Programme

Proposal

"This just flies in the face of those claims

"It looks as though the whole proposal is a tax-driven operation, and clearly the benefits of the new plant relative to what will be lost are very small

"Essentially, it boils down to Iscor's shifting its operation to Saldanha Bay, so now we really have to concentrate on environmental issues," he said.

Lawyer Alastair van Hyssteen, acting for the Citizens' Review Group, has called on Environmental Affairs Minister Dawie de Villiers, Western Cape premier Hernus Kriel and regional MEC for Agriculture, Tourism and Planning Lampie Fick to appoint a board of inquiry in terms of the Environment Conservation Act before the plant gets the go-ahead.

He said "a dirty steel factory" was being "wrapped in gilt-edged marketing words"

In another development, Water Affairs Minister Kader Asmal is to meet top scientists today to discuss the availability of water for the proposed steel plant.

They include coastal and estuarine specialist Dr Allan Heydorn, who recently sent Kriel a report highly critical of aspects of the environmental impact assessment of the proposed steel plant

Noting that it proposed to use water from the Berg River, Dr Heydorn said it was well known that this river was already heavily utilised for the growing water requirements of the Cape metropolitan area and neighbouring regions

"The consequences . as a result of over extraction of water from the river system are extremely serious for the agricultural and fishing industries in the Vredenburg/Velddrift region."

The Mariculture Association of Southern Africa has hit out at not being invited to comment on the proposed plant

Chairman and University of Cape Town marine scientist Peter Cook said some individual mussel farmers in Langebaan lagoon may have been approached

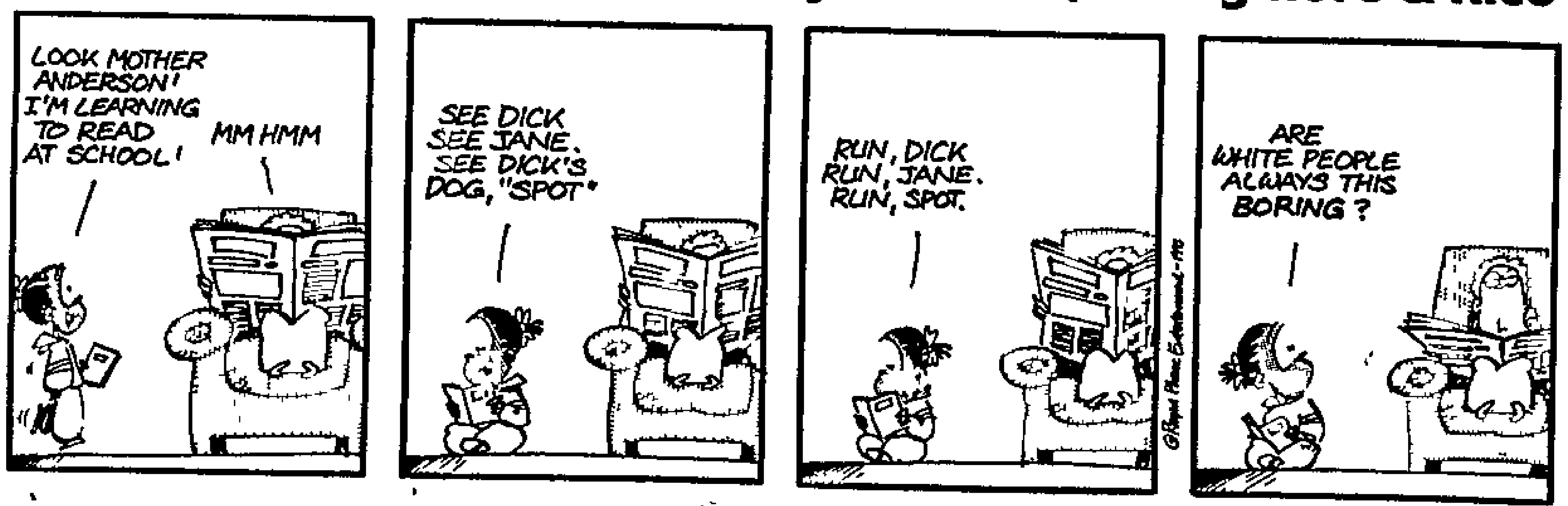
"But since a national association, representing all mariculture, exists, it is unacceptable that this association has not been included in any discussions or decisions"

Rezoning

Fick, who is in America visiting steel factories, is to meet 27 concerned organisations and individuals next Thursday for an discussion about the proposed plant

He has to recommend to the regional cabinet whether to approve Iscor's rezoning application for the property for the plant

MADAM & EVE **By S Francis, H Dugmore & Rico**



Boost for SA stainless steel

(189A) CT (BR) 22/5/95

By Derek Tommey
Mining Editor

South Africa is close to becoming one of the world's major stainless steel producers

The R3,5 billion Columbus joint venture expansion project at Middelburg is on track with the first tap having taken place earlier this month Chief executive Fred Boshoff is confident everything will be up and running in August — just two-and-a-half years after the extension began

Then Columbus's three shareholders, Anglo American's Highveld Steel, Gencor's Samancor and the Industrial Development Corporation (and South Africa, too), will begin to reap a rich harvest from investing so heavily in stainless steel production when South Africa was still subject to sanctions and the world was in a depression

The new Columbus plant is the most modern in the world and thus, together with comparatively low-priced raw materials, is making it one of the world's lowest-cost stainless steel producers

From August, when the new plant is in operation, production is expected to jump from the current 10 000 tons a month to 25 000 tons month Total output this year is expected to reach 250 000 tons, an increase of 100 000 tons on last year

Total output is forecast to rise to 350 000 tons next year and to 450 000 tons in 1997 But by the end of 1997, when the plant reaches full production, it should be running at an annual rate of 600 000 tons

The local market is expected to take 55 000 tons this year This leaves about 145 000 tons to be exported this year, which should boost export earnings and Columbus' revenues by around R1 billion It is worth noting that most of these export earnings are still to come, as Columbus had to sharply reduce its exports earlier this year

The upturn in the local economy towards the end of last year caused local demand to surge Unfortunately, it came at a time when production was being held up owing to the installation of new equipment As a result Columbus had to sharply reduce exports in order to supply the home market

Boshoff says Columbus is committed to favouring local users

Looking ahead, it is clear that Columbus' export earnings will rise strongly in the coming years, probably exceeding R4 billion a year at full production Boshoff emphasises that with the major part of Columbus' output destined for the export markets, Columbus must regard itself as an international producer able to meet the toughest foreign competition

To cut overheads and ensure maximum efficiency, Columbus's head office is at the plant at Middelburg "This business is too competitive to allow the decision-makers to be separated from the operations," said Boshoff

He said Columbus wanted to add as much value as possible to its stainless steel by gaining further into the production of final products This would make Columbus better able to compete when the business cycle turned down. To this end Columbus was considering adding another cold mill once the present plant was up and running

Columbus has undoubtedly made the world of stainless steel aware of South Africa and its stainless steel potential Currently some 22 parties from all over the world are visiting the plant every month

National Parks Board slams steel mill siting

(189A)

CT 23/5/95

MELANIE GOSLING

THE National Parks Board (NPB) has strongly opposed Iscor's controversial steel mill at Saldanha Bay, claiming that it was a "virtual certainty" that increased industrialisation of the area would harm the lagoon and West Coast National Park

The statement comes after months of official silence from the board on the controversial steel plant, following an initial disagreement when its chief executive Dr Robbie Robinson nearly resigned because of a split over its stance.

In April Dr Robinson was reprimanded by NPB chairman Mr Naas Steenkamp for slating the proposed siting of the mill

Mr Steenkamp said yesterday the board's stand was the consensus of both the board and its directorate who convened a special meeting in Pretoria yesterday to formulate an official stance on the issue

He said the plant should be sited away from the lagoon to draw development away from a "precious and sensitive national and global asset"

"The board is the custodian, for the people of South Africa and for the world, of this wetland of international importance," he said. It had a duty to ensure that the environmental integrity of the site was maintained

"The board has little doubt that the unchecked development will bring with it the virtual certainty of harmful impact on the lagoon and West Coast National Park," Mr Steenkamp said

He said the environmental impact assessment had provided "some comfort", but the board was not satisfied that the impact of the industrialisation which would follow the erection of the steel mill had been considered holistically.

Mr Steenkamp said the board acknowledged the social and economic advantage the steel plant would have for South Africa and also that technically the board had no jurisdiction to block approval of the project

Move steel mill inland, suggests parks board

(189A)

ARG 23/5/95

JOHN YELD
Environment Reporter

IT is "virtually certain" that unchecked development in the Saldanha Bay area will have a harmful impact on the internationally important Langebaan lagoon and the West Coast national park, says the National Parks Board.

In a statement after a special board meeting yesterday to resolve a row between senior staff members and board chairman Naas Steenkamp over Iscor's proposed steel plant, the board said the "most pleasing" solution would be for the plant to be moved away from the bay and the lagoon.

Such a move would not lose the important socio-economic advantages of the project.

"Such placement of the nucleus of further industrialisation would draw development away from a precious and sensitive national and global asset.

"Saldanha steel project and the authorities are urged not to abandon this option without further consideration."

The board said the West Coast national park was a key component of the Vredenburg-Saldanha-Langebaan area and its economic future.

The board was also the custodian of a wetland, Langebaan lagoon, of international importance, registered under the Ramsar Convention.

While the structure plan for the region earmarked the proposed steel plant site for heavy industry and storage, it also highlighted conservation of the natural environment as of central importance to the development of the region.

"Although the EIA (environmental impact assessment) report provides some comfort in regard to certain impacts that are described as being probably minimal at the regional scale, the National Parks Board has little doubt that unchecked incremental development will bring with it the virtual certainty of harmful impact on the lagoon and the West Coast national park."

Parks board rejects Saldanha project

Mduduzi ka Harvey (189A)

The National Parks Board strongly opposed Iscor's Saldanha steel project because of the environmental effect it would have, although it acknowledged the social and economic advantages of the plant, board chairman Naas Steenkamp said yesterday. BD 23/5/95

He said the board had limited jurisdiction in the area and could not block the approval of the project, but it felt that the West Coast National Park was a key component of the Vredenburg-Saldanha-Langebaan area and its economic future.

As the custodian of the park, a wetland of international importance registered under the Ramsar convention, the board was an interested and affected party with a duty to maintain the integrity of the site

For the RDP to be served optimally, economic activities could not be pursued exclusively It was essential that the siting of the proposed plant did would not affect the area's tourism potential

BA soars as traffic hits new highs

LONDON — British Airways (BA) raised annual profit 16,8% after carrying a record amount of traffic and despite heavy provisions for its partner USAir, the company reported yesterday.

Pre-tax profit amounted to £327m for the year to March from £280m the previous year despite provisions of £125m for problems at USAir

Before this exceptional item, pre-tax profit rose 61,4% to a record high of £452m.

The results were in line with forecasts by analysts who had expected profit of between £450m and £475m.

Profit had risen because the airline had carried a record number of passengers and a record amount of freight. The number of passengers carried rose 8,8% to more than 35,6-million people, the airline said.

Chairman Colin Marshall said BA had led the airline industry out of recession and towards profitability. — Sapa-AFP

(a) R6 450 million

(b) R1 000 million

(2) No, according to the latest actuarial valuation report the member and employer contribution rate to pension funds which, in the case of the Government Service Pension Fund is 29% of salary, is sufficient to fund the current benefits vest and to contribute to improving the funding level

Legal/illegal minibus-taxis in the Republic at 31/01/95

*9 Mr D H M GIBSON asked the Minister of Transport

How many (a) legal and (b) illegal minibus-taxis were estimated to be operating in the Republic as at 31 January 1995 or the latest specified date for which information is available?

N545E

The MINISTER OF TRANSPORT

(a) According to the national computerised Permit Administration System (PAS), the total number of legal minibus-taxis in the Republic, as at 31 January 1995, is 70 000 This figure however excludes the number of legal minibus-taxis of the former TBVC states and self-governing territories A legal minibus-taxi in this case is defined as a minibus-taxi with an operating permit and a valid certificate of fitness

(b) The Department of Transport can at present not give an accurate indication of the numnber of illegal minibus-taxis in the Republic The Department does, however estimate the number of illegal minibus-taxis to be between 40 000 and 50 000 This figure does not include the illegal minibus-taxis of the former TBVC sdtates and self governing territories

Restoration of peace in Burundi by OAU/SA

*10 Mr J A RABIE asked the Minister of Foreign Affairs †

Whether, with reference to his reply to Question No 1 on 29 June 1994, (a) the Organisation for African Unity and/or (b) South Africa was or is in any way involved in efforts to restore peace in Burundi, if not, why not, if so, in what way?

N550E

The MINISTER OF FOREIGN AFFAIRS

In its capacity as a member of the Organisation of African Unity's Mechanism for the Prevention of Conflict, Management and Resolution, South Africa is a member of a Special Committee of four countries currently engaged in negotiations with the Government of National Unity of Burundi Negotiations were held with the Burundi National Security Council on 12 April 1995 It is anticipated that negotiations with the President of Burundi, the Prime Minister and the leaders of all political parties will be held during a follow-up visit to Bujumbura at the end of May 1995

The aim of the negotiations, coordinated by the Secretary-General of the OAU, is the prevention of a resumption of conflict and to seek ways by which the OAU and the international community can assist Burundi in its own planning to effectively bring reconciliation and a lasting peace

The other members of the Special Committee are Tunisia, Egypt and Mauritius

Restoration of democracy in Nigeria

*11 Mr J A RABIE asked the Minister of Foreign Affairs †

Whether South Africa has taken any steps with a view to promoting the restoration of a democratic government in Nigeria, if not, why not, if so, what steps?

N551E

The MINISTER OF FOREIGN AFFAIRS

Yes Following the arrest in June 1994 of Chief Moshood Abiola, President Mandela visited Abuja during November 1994 to make representations to the Nigerian Head of State, General Sani Abacha, for the release of Chief Abiola

Shortly after the arrest and detention on 12 March 1995 of General Olusegun Obasanjo, Nigerian Head of State from 1976-79 and the only military leader so far to have handed over power to a civilian government in that country, the Department of Foreign Affairs issued a press statement in which it expressed the Government of National Unity's concern over reports of arrest of prominent personalities and expressed the hope that those arrested or detained would be properly charged or released as soon as possible and if charged, be afforded the opportunity of a free and fair trial

Early in April 1995, President Mandela sent Archbishop Desmond Tutu to Abuja as his emissary to once again make representations to General Abacha for the release of Chief Abiola and General Obasanjo in particular

Corporal punishment at schools

*12 Mr B P BUNTING asked the Minister of Education Hansard 24/5/95

Whether, with reference to the reply to Question No 18 of 5 April 1995, he will consider prohibiting the imposition of corporal punishment at schools, if not, why not, if so, when?

N552E

The MINISTER OF EDUCATION

In reply to the Question to which reference has been made, the Minister of Justice stated that legislation had been prepared for the abolition of corporal punishment as a sentencing option, in order to bring South Africa into line with other civilised countries The Minister of Justice stated further

"In addition to the element of cruel, inhumane or degrading treatment of punishment referred to in section 11(2) of the Constitution (Act 200 of 1993), I believe that corporal punishment also has a *brutalising* effect on both the person who metes out the punishment and the one who receives it "

I concur with this view, which has clear implications for the continuance of corporal punishment as a legal means of discipline in schools There is a strong *prima facie* case that corporal punishment of students in schools contravenes both section 11(2) of the Constitution and articles 19(1), 28(2) and 37(a) of the United Nations Convention on the Rights of the Child

It is noteworthy that article 28(2) of the Convention requires States Parties to

"take all appropriate measures to ensure that school discipline is administered in a manner consistent with the child's human dignity and in conformity with the present Convention"

Article 37(a) requires State Parties to ensure that

"No child shall be subject to torture or other cruel, inhuman or degrading treatment or punishment "

The new Education Policy Bill, which is currently being drafted, will therefore include suitable provisions to abolish corporal punishment of students in schools and other educational institutions I trust Parliament will give unqualified support to these provisions once they come before this body

The Department of Education will work with the provincial Departments of Education and appropriate stakeholder organisations in order to prepare for the outlawing of corporal punishment in schools and other educational institutions, and ensure that students, teachers, principals and parents are able to consider jointly the codes of conduct and disciplinary sanctions which are appropriate in a free and democratic society based on fundamental rights and the rule of law

New Iscor plant (189A)

*13 Dr W A ODENDAAL asked the Minister of Trade and Industry †

(1) Whether he gave approval for the establishment of a new Iscor plant in the vicinity of the Langebaan Lagoon, if not, what is the position in this regard, if so, what factors did he take into account before taking this decision,

(2) whether he or his Department considered Sishen as a possible location for the establishment of this plant, if not, why not, if so, what are the relevant details?

Hansard 24/5/95 N553E

The MINISTER OF TRADE AND INDUSTRY

(1) There is no legal requirement that projects of this nature have to be approved by the Minister of Trade and Industry or the Department of Trade and Industry My Ministry and the Department of Trade and Industry actively promote new investment and job creation and encourage South African industry to improve their international competitiveness The siting of an industry is the

choice of the industrialist, subject to zoning and other laws and regulations

(2) However, the project has been examined by my Department in the context of environmental impact, Provincial industrialisation, industrial polarisation, mega project investment versus job creation, upstream versus downstream industrial activity, state financing and project evaluation through the IDC, balance of payments considerations and national technological upgrading aspects

I am aware that Saldanha was selected from a number of possible sites on the basis of a number of criteria, one of which related to economic feasibility

Alternative sites which we raised with the IDC, a shareholder in both Iscor and Saldanha Steel, included Sishen and Port Elizabeth Iscor's intention to establish the plant at Saldanha is based on business considerations

Removal of cycads from former Ciskei to Free State

*14 Dr W A ODENDAAL asked the Minister of Environmental Affairs and Tourism†

(1) Whether he or his Office has investigated reports that a certain political party, the name of which has been furnished to his Office for the purpose of his reply, derived any financial advantage from the removal of a number of cycads from the former Ciskei to the Province of Free State, if not, why not, if so, what were the findings,

(2) whether any bodies have investigated the removal of these cycads, if not, what is the position in this regard, if so, (a) what bodies and (b) when will such investigation be completed,

(3) whether any members of the Executive Council of the Free State Legislature were involved in the removal of the cycads, if not, what is the position in this regard, if so, what are the relevant details?

N554E

The MINISTER OF ENVIRONMENTAL AFFAIRS AND TOURISM

(1) No In terms of the Constitution of the Republic of South Africa Nature Conservation is the responsibility of the Provinces

(2) The hon member is referred to my reply on his Question No 7 of 3 April 1995

(3) It is a question that lies within the Free State legislature and must be put to the responsible member of the Executive Committee

SA participation in foreign sports meetings

*15 Mr G M Carelse asked the Minister of Sport and Recreation †

(1) Whether he has recently said that South African sports teams participating in foreign sports meetings, do not necessarily have to be chosen on merit, if not, what is the position in this regard, if so,

(2) whether he will make a statement on the matter?

N582E

The MINISTER OF SPORT AND RECREATION

(1) Since my appointment as Minister of Sport and Recreation I have on many occasions publicly expressed the view that something has to be done to make South Africa's national and provincial sports teams more representative I have pointed out that it is an embarrassment for me to explain to the sports community at large why whites dominate in the composition of our national and provincial sports teams Simultaneously I have also repeatedly pointed out that it serves no purpose to include black athletes in teams merely as a form of tokenism I firmly believe in merit selection However, I have sounded a warning to South African sport to get their house in order with regard to creating development opportunities for disadvantaged athletes

It is an unacceptable situation for me that some sports types seem to be only paying lip service to the concept of sports development I am convinced that should some of our athletes from the disadvantaged sector of our community be given an opportunity to play in provincial sides, they will soon earn their rightful place in national teams This process should be actively implemented

(2) No

Olympic Games in 2004: Minister involved in decisions

*16 Mr G M CARELSE asked the Minister of Sport and Recreation †

(1) Whether he was in any way involved in deliberations regarding the decision that was taken by the Cape Town city council on the Olympic Games in 2004, if not, what is the position in this regard, if so,

(2) whether he will make a statement on the matter?

N583E

The MINISTER OF SPORT AND RECREATION

(1) My Department and I were not involved in the decision taken by the Cape Town City Council to become contenders to bid for the 2004 Olympic Games

Cape Town, together with Johannesburg and Durban were contenders in the nomination process conducted by the National Olympic Committee of South Africa (NOCSA) The purpose of this process was to enable NOCSA to identify the South African city to officially bid to host the 2004 Olympic Games

(2) No

Truth and Reconciliation Commission: appointment of chairperson/members

*17 Mr D M BAKKER asked the Minister of Justice †

Whether he or his Department has approached any persons with a view to the appointment of the (a) chairperson and/or (b) members of the proposed Truth and Reconciliation Commission, if not, why not, if so, (i) what are their names in each case and (ii) who decided that such persons be approached?

N584E

The MINISTER OF JUSTICE

(a) and (b) No In terms of clause 8(2)(a) of the Promotion of National Unity and Reconciliation Bill, 1995, the chairperson and members of the Truth and Reconciliation Commission shall be appointed by the President in consultation with Cabinet

(i) and (ii) Fall away

Sewerage system in Alexandra/Republic: hazard to public health

*18 Mr T C NTSIZI asked the Minister for Health †

(1) Whether the sewerage system in (a) the Alexandra township and/or (b) any other area in the Republic poses a hazard to public health if not, what is the position in this regard, if so, to what extent in each case,

(2) whether she or her Department intends taking any steps in this regard, if not, why not if so, what steps?

N586E

The MINISTER FOR HEALTH

(1) (a) and (b) Yes, there are also many other areas and especially smaller settlements in the Republic where sewerage systems pose a serious threat to public health, mostly due to the fact that these systems are either antiquated or they have not been designed for the large number of people they have to cater for The Department of Water Affairs and Forestry is presently addressing the problem with every means at their disposal A list of these areas with the extent of the problem in each case is available at the Department of Health

(2) Although the Department of Health is not vested with the authority or or function to provide or upgrade sewerage systems, the Department is liaising closely and in an advisory capacity with appropriate authorities who are vested with such functions A permanent working group with representation from the Department of Health and the Department of Water Affairs and Forestry has already been established for this purpose

Prisoners involved in amnesty announced by the President

*19 Col N G RAMAREMISA asked the Minister of Correctional Services †

(a) How many prisoners are involved in the amnesty which was announced by the Presi-

Chromecorp in successful debut

(189A)

Marcia Klein

FERROCHROME producer Chromecorp Holdings made a successful debut on the steel and allied board of the JSE yesterday, trading at a significant premium to its 500c issue price

The share traded at 725c soon after the bell, a 45% premium. Soon after trade began, there were buyers at 785c and sellers at 800c. The share touched 850c before closing at 750c after 1,6-million shares worth R12,2m changed hands in 410 deals

Analysts had expected it to trade at a premium as its public offer of 3-million shares at 500c a share had been 26,4 times subscribed The preferential offer of 1,5-million shares at 500c was fully subscribed

Apart from the fact that it was so heavily oversubscribed, it could also have been slightly underpriced, an analyst said. Most analysts expected the share to rise further over the next few days BD 24/5/95

Chromecorp is one of three major ferrochrome producers, with Samancor and Consolidated Metallurgical Industries (CMI) Samancor has manganese interests, so a direct comparison is not possible But an analyst said CMI — which is on a price-earnings ratio of close to 60 times — was a similar size to Chromecorp. In this light, Chromecorp could expect a price-earnings ratio of at least 20 times

Chromecorp, held by Swiss-based Sudelektra, had decided to list to take advantage of the increase in world demand for ferrochrome It produces 260 000 tons of ferrochrome a year from four furnaces and about 20 000 tons a year from a slag recovery plant in Rustenburg

Its prospectus said it would report a more than threefold increase in attributable income to R118,6m (R33,4m) in the year to December Turnover was expected to increase 42% to R490,1m

● Picture: Page 3

Iscor's intention 'a business decision'

(39B)

BARRY STREEK

CT 25/5/95

Ferrochrome sells abroad

CT(BR) 25/5/95 (189A)

By Françoise Botha

Staff Writer

Hernic Ferrochrome, which has been at the centre of speculation in the ferrochrome industry, announced that its furnace at Brits will come on stream in mid-1996 to service both the domestic and export markets

Colin Baines, financial director of Hernic, said in an interview "We already have buyers in Japan, Northern America and Europe for our production

"On the local front, there may be an opportunity for us to sell to Iscor, but that would be our only local customer"

A second furnace is already being considered, which will increase tonnage to 130 000 tons a year The mine will be able to service two furnaces for over 20 years

The project is a joint venture with German and Japanese investors — ELG Haniel and Nittetsu Shoji — who will be responsible for marketing the bulk of export production

Backing for Iscor plant 'under strict conditions'

ARG 25/5/95 (56) (189A)

Environment Reporter

ISCOR'S proposed steel plant at Saldanha Bay will not create unacceptable levels of air, water and land pollution, and the project can now proceed under stringent environmental conditions and effective monitoring

This is the essence of a report by environmental consultant John Raimondo to regional planning minister Lampie Fick, released today during a meeting of about 100 interested and affected parties at the Western Cape provincial building

The meeting, chaired by Mr Fick, got off to a lively start with repeated interruptions and heckling of Dr Raimondo

At one point an annoyed Mr Fick remarked: "You're a guest in my house and won't you please now abide by the rules?"

Dr Raimondo was appointed by Mr Fick to review the environmental impact assessment report by the Council for Scientific and Industrial Research (CSIR), following widespread public criticism of Iscor's proposal

Mr Fick has to recommend to the provincial cabinet whether the steel manufacturer's rezoning application for the property for the plant should be accepted

Dr Raimondo said there were two options for the decision-makers a strategic assessment involving further studies — which would take between six and 12 months and involve further costs — or applying stringent conditions of approval so that all the significant risks were carried by Iscor.

"Each has certain implications, but essentially, due to the current stage of the project, I have followed the latter option"

Dr Raimondo said the CSIR report clearly identified the most important potential impacts

"It's a good report and quite extensive, but it makes it clear that there are shortcomings. I support its recommendations."

Labour unrest delays production

Nicola Jenvey (1894)

DURBAN — Initial aluminium production at Alusaf's Hillside smelter could be delayed by two to three weeks because of the week-long violence among contract employees, MD Rob Barbour said yesterday

He said work on site was brought to a standstill and police had to be called in

The project was still five months ahead of the original schedule, but first production of aluminium, planned for mid-year, could be hindered.

The construction schedule would be revised and the project should be completed on time, Barbour said. BD 25/5/95

The financial implications of the delay were considerable and would be fully known once contractors' claims and damages had been settled

Alusaf has had continuing discussions with the contractor's worker representatives and the 5 000-strong construction labour force had been fully engaged since work resumed on Friday.

Problems had initially begun two weeks ago when construction workers with Rundel Construction staged a protest and 56 people were hurt.

A few days later workers in several other construction companies sub-contracted on the Alusaf project had demanded full-time employment from Alusaf, as their contracts had ended.

They had been joined by the Work Seekers' Committee, an organisation of unemployed Richards Bay residents, who were upset that employment would be reduced once construction was completed.

SOWN 25/5/95 (189A)

Hernic back in business

Hernic Ferrochrome, which has been at the centre of speculation in the ferrochrome industry, announced that its furnace at Brits will come on stream in mid-1996 to service both the domestic and export markets Colin Baines, financial director of Hernic, said in an interview "We already have buyers in Japan, Northern America and Europe for our production "

NE

NOW MINISTER MUST CHOOSE

Conditional approval for Saldanha mill

189A

CT 26/5/95

THE LANGEBAAN steel mill has been given a conditional go-ahead by an environmental consultant, provided stringent conditions are met. **CHRIS BATEMAN** reports.

ENVIRONMENTAL consultant Dr John Raimondo yesterday gave Saldanha Steel's R4,6 billion steel mill at Langebaan a strictly conditional "green light", saying it would "not create unacceptable levels of air, water or land pollution"

He said Western Cape Agriculture, Planning and Tourism Minister Mr Lampie Fick would have to chose between stringent conditional rezoning of the current site or postponing a decision until he had further detailed studies.

Mr Fick hired Dr Raimondo, the former head of UCT's environmental evaluation unit, to assess the shortcomings of a CSIR study commissioned by Saldanha Steel

His proposals were accepted by Saldanha Steel chief Mr Bernard Smith, who said the cyclical nature of the international steel market made additional costs "very relevant" and that another three to four months' delay would cost between R10 and R20 million

Mr Smith accepted a proposal that his company pay for a joint environmental trust to monitor daily pollution levels and also agreed to sign a contract that he would lock the doors of his plant if it polluted the area.

Addressing a four-hour seminar of all major role players, Dr Raimondo laid down the following conditions under which he said approval for the rezoning and go-ahead could be granted.

- No hazardous wastes to be disposed of, or stored for long periods on the site;

Risk assessment

- Ground water monitoring, investigating the use of modern desalination equipment to reduce the hazardous nature of the final effluent and a risk assessment of the potential for ground water to pollute the marine environment;
- Assessing additional options to reduce demands for fresh water;
- Hiring a professional landscape architect, and
- Mounting a publicity campaign to explain the project and promote the area.

Iscor backs plant plan

Political Correspondent

ISCOR told the trade and industry ministry its decision to site its plant at Langebaan was based on business considerations (189A) (58)

Minister of Trade and Industry, Trevor Manuel said this in the national assembly in reply to questions by Willie Odendaal (NP) ARG 26/5/95

Asked whether he had approved the Langebaan Iscor plant, Mr Manuel said there was legal need for his ministry or department to do so.

"My ministry and the Department of Trade and Industry actively promote new investment and job creation and encourage South African industry to improve its international competitiveness," he said

The project had been examined by the department with regard to

- Environmental impact,
- Mega-project investment versus job creation,
- State financing,
- Balance of payments considerations, and
- National technological upgrading aspects

Lively heckling as report released

Consultant backs Saldanha steel plant

Star 26/5/95 (189A)

Cape Town — Iscor's proposed steel plant at Saldanha Bay would not create unacceptable pollution and the project could proceed under stringent environmental controls and effective monitoring, an environmental report claims.

The report, by environmental consultant John Raimondo, was released yesterday during a meeting of about 100 interested and affected parties at the Western Cape provincial building.

The meeting, chaired by Regional Planning MEC Lampie Fick, got off to a lively start with Raimondo being repeatedly interrupted and heckled.

Raimondo was appointed by Fick to review the environmental impact assessment report by the Council for Scientific and Industrial Research following widespread public criticism of Iscor's proposal.

Fick has to recommend to the provincial cabinet whether the steel manufacturer's rezoning application for the plant should be accepted.

Raimondo said there were two options: a strategic assessment involving further studies, which would take six to 12 months and involve further costs, or the application of stringent conditions of approval so all significant risks were carried by Iscor.

"Each has certain implications but essentially, due to the current stage of the project, I have followed the latter option."

Raimondo said the CSIR report clearly identified the most important potential impacts. "I support its recommendations," he added. — Sapa.

BD 26/5/95

Iscor project gets go ahead

(189A)

CAPE TOWN — Iscor's proposed steel plant at Saldanha Bay would not create unacceptable pollution and the project could proceed under stringent environmental conditions and effective monitoring, an environmental report released yesterday said.

Environmental consultant John Raimondo released the report during a heated meeting of about 100 interested and affected parties at the Western Cape provincial building.

Raimondo was appointed by the province to review the environmental impact assessment report by the Council for Scientific and Industrial Research following widespread public criticism of Iscor's proposal.

He said there were two options: an assessment involving further studies, which would take six to 12 months and involve further costs, or applying stringent conditions of approval so all significant risks were carried by Iscor. "Each has certain implications but I have followed the latter option." — Sapa.

THE CAPE

Stop, wait, look: Cabinet urged to walk softly round Saldanha

(189A) ARG 26/5/95

JOHN YELD, Environment Reporter

DO NOT approve Iscor's R4,7-billion Saldanha Steel Project until alternative sites in the area have been thoroughly assessed, the National Parks Board and Western Cape Nature Conservation have told the provincial cabinet.

Also, the original May 31 target for the provincial cabinet's decision on a rezoning application by Iscor is likely to be extended, although regional Planning Minister Lampie Fick said they still needed to decide "soon"

These were among the points to emerge from a lively information meeting attended by about 100 people in the provincial building in Wale Street yesterday

The meeting was called by Mr Fick to hear submissions about the proposed steel plant and the results of a review of the CSIR's environmental impact assessment of the proposed plant by independent consultant John Raimondo

Dr Raimondo found that, provided conditions and mitigations proposed by himself and the CSIR were met, the direct activities of the plant would not create unacceptable levels of water, air and land pollution

"The minister will need to decide if these recommendations are acceptable and if the conditions can be enforced"

In response to a question, Mr Fick said the provincial cabinet would not be swayed by the fact that Iscor had already ordered equipment costing hundreds of millions of rands for the plant.

The investigation was still in progress and there was no deadline for a decision, Mr Fick told journalists after the meeting

"We have clarified a lot of perspectives and fresh detail on the issue today

"An alternative site is a key issue and that will have to be investigated.

"But a decision has to be taken, and we want to do that soon because we don't want to be an indecisive government. We can't get away from our responsibility to govern"

Western Cape Nature Conservation chief director Johan Neethling said at the meeting his department had told the regional cabinet it could not support Iscor's rezoning application

The CSIR's impact assessment had not dealt satisfactorily with all the potential negative impacts

"It is thus our considered opinion that the cabinet is not in a position of being fully informed to be able to take a rezoning decision"

National Parks Board chairman Naas Steenkamp said he had a "full mandate" to raise four major concerns about the proposal, including the lack of adequate consideration of an alternative site.

"Surely we need greater satisfaction that every alternative has been explored and dismissed before we start looking at the prospect of mitigatory measures? We do not have satisfaction on that score yet."

Iscor had conceded that heavy metals could pollute groundwater, and there was a good case to be made for all hazardous waste on site to be removed to a class one waste disposal site elsewhere

"Without that guarantee (to remove the waste from site), the National Parks Board will continue to oppose this very strongly

"If it were guaranteed, it would solve a host of problems"

The proposed plant would have a visual impact, Mr Steenkamp said.

"There's no gainsaying the fact that the sense of place is going to be affected ... we believe there may be a case for cladding (of the 100 m Corex tower)"

Saldanha Steel Project chairman Bernard Smith said the steel industry was highly cyclical by nature.

"The prices are up the one year and down the next, and the difference is quite significant."

This was why the R50 million extra for moving to an alternative site was crucial.

"This is not a goldmine and won't make consistent profits. What happens in the downturns?"

Half of the estimated R4,7 billion cost would be borrowed

"That is hard currency that has to be repaid We have to be in a position to meet the downturns in the business"

'CONSIDERABLE TENSION' OVER SALDANHA PROJECT

Mill splits Parks Board

CT 28/4/95 (189A)

STANCE: The Parks Board is still undecided about the Saldanha steel mill siting. **EUNICE RIDER** reports.

NATIONAL Parks Board chief executive Dr Robbie Robinson nearly resigned this week because of a split in the board over its stance on the planned Saldanha steel mill

Confirming this in a telephone interview Dr Robinson said there were "considerable tensions" between himself and NPB chairman Mr Naas Steenkamp over the siting of the proposed mill

He said he had been reprimanded by Mr Steenkamp for slating the proposed siting of the mill less than a kilometre from Langebaan Lagoon and on a direct groundwater line to the lagoon.

As the chief executive he had always been authorised to make press statements and had not felt it necessary to consult the board before stating his position on an ecological issue

Dr Robinson dissociated himself from speculation that casino licences for Langebaan and Club Mykonos were being "horse-traded against keeping quiet on the steel mill development"

This speculation was raised last week by a group of scientists, professionals and landowners opposed to the steel mill

Dr Robinson said the Langebaan Lodge, a hotel owned by the NPB, had been approached many times by casino developers wanting it to offer casino facilities The NPB had always refused because it felt casinos were "inappropriate"

The board had now decided to replace the building with a resort "more in line with other NPB holiday accommodation"

Following Dr Robinson's recent press statements that the establishment of a steel mill on the proposed site would harm the environment, Mr Steenkamp issued a statement stressing that the NPB had not yet taken an official stand on the issue

He also said NPB director of marketing and communications Mr Rams Ramutla had been speaking out of turn when he said the board was "totally opposed" to the project

Mr Steenkamp said the impact the mill might have on the West Coast National Park and its surroundings had to be "very seriously considered" before the board could take a stand, and that the views expressed by Dr Robinson were his own.

Meanwhile, the head of the Western Cape Branch of the SA Wildlife Society, Mr Andy Gubb, has also opposed the mill in an open letter to Environmental Affairs and Tourism Minister Dr Dawie de Villiers

The society was concerned that Dr De Villiers had agreed to the project on the advice of the Council for the Environment

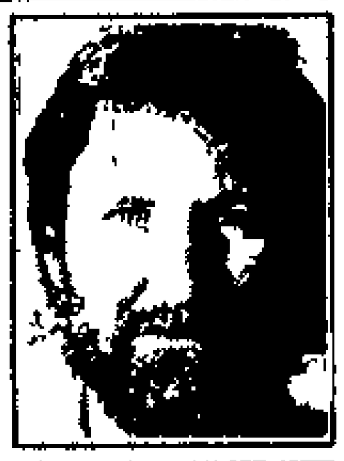
THE SITE: The white square marks the proposed site of the steel mill

ARCr 29/5/95

Iscor-type development not best for growth

(189A)

GREEN SCENE



John Yeld

WORDS, words, words

Much has been written and even more spoken about Iscor's Saldanha Steel Project, and it's a fair bet that still more will assail ear and eye before a final decision is taken on this controversial proposal

It's probably true to say that many of those who've been vociferous in protesting about Iscor's planned mini-steel mill are not properly informed about the issue

It's equally true that some of them are living in a fool's paradise, unwilling to accept the harsh realities of Africa's poverty and unemployment and the ravaging impact that these are having on the continent's once splendid natural environment

But what is not true is that there is only one way of dealing with this problem Through old-style "economic growth", based on the ever-increasing and non-sustainable consumption of natural resources, irrespective of the cost to the natural environment

That is the scenario being sketched by some commentators That "economic growth" is required to alleviate the twin problems of unemployment and poverty on the West Coast and that, as such, Iscor's steel plant should be welcomed with open arms And if it trashes the very special natural environment of the Langebaan Lagoon and the West Coast national park a bit well, that's the price you have to pay

The mistake is assuming that industries like steel plants and cement factories are the most effective means of achieving economic growth and concomitant job opportunities and wealth

Such industries are essentially short-term options, and, significantly, they are neither the only nor the best options

It is now widely recognised that economic *development*, as opposed to growth, based on the sustainable utilisation of natural resources (not mining), offers the only realistic prospect of wealth creation and improving the overall quality of life

Langebaan Lagoon and the Saldanha Bay area are prime candidates for such development, based on the sustainable use of their natural resources through industries like tourism and mariculture

If South Africa is to prosper in the long term and its people are going to pull themselves out of the quagmire of poverty and unemployment we will have to develop an economic mind-set acknowledging that an unspoiled, naturally productive environment is not just a selfish dream of wealthy whites living in an economic time-warp

As they say, when last did anyone see a tourist in Vanderbijlpark? And can you recall ordering a Richard's Bay oyster?

Saldanha Bay study flawed, say greens

ARG 29/5/95 (189A)

Environment Reporter

FUNDAMENTAL flaws in the environmental impact assessment of the proposed Saldanha Steel project make it ineffective as a decision-making tool, and the authorities should delay a decision until they have sufficient information

So says the environmental group Earthlife Africa, which wants decision-makers to realise that Langebaan lagoon is an asset of national and international importance

An Earthlife statement said "The current haste to take a decision on the future of the steel mill is being driven by the impact that a delay will have on Iscor's profit margins"

Shortcomings in the environmental impact assessment by the Council for Scientific and Industrial Research included

- It did not consider alternative sites, which was widely recognised as an impact assessment function
- The proposed steel mill would double its capacity just six years after being commissioned, but these aspects were not covered in the assessment
- It did not assess the secondary impact associated with the proposed mill
- It did not assess the cumulative impact
- It did not adequately assess the impact on "sense of place" and the compatibility of land uses

The impact assessment was "fundamentally flawed and, in its current state, could not be used as an effective decision-making tool

"In the interests of broader society and the environment we therefore call on relevant government ministers to delay their decision until such time as sufficient information has been collected to make an equitable and environmentally sound decision"

— The adviser shall not be obliged to contribute to any pension, medical aid or unemployment insurance fund

— The adviser will receive 2,5 days leave per month and 3,33 days sick leave per month

(3) No

(4) Not applicable

CSIR: studies iro Saldanha steel project 189A

107 Sen E K MOORCROFT asked the Minister of Environmental Affairs and Tourism

(1) Whether all studies recommended in the specialist reports of the Council for Scientific and Industrial Research in respect of the Saldanha steel project have been undertaken, if not, why not, if so, (a) when will the results be made available for scrutiny and (b) what are the further relevant details, Hansard 30/5/95

(2) whether any studies have been undertaken to evaluate the cumulative pollution that may be generated by the steel mill and its satellite industries, if not, why not, if so, (a) when will the results be published and (b) what are the further relevant details?

S204E

The MINISTER OF ENVIRONMENTAL AFFAIRS AND TOURISM

(1) No Some are being addressed but not all The balance will be commissioned by the developer if rezoning is approved

(a) The results of the aspects that are now being addressed will be available at the end of June 1995 for public scrutiny and comments

(b) The specialist reports refer to the following aspects that should also be addressed

Processes within the vegetation and the location of specific populations of vegetation should be determined

These aspects will be addressed in the environmental management plan that will be compiled for the development

The effects of possible dust pollution

Studies covering the effects of possible dust pollution are presently being undertaken as part of the investigations covering the proposed extensions of the harbour facilities

Water supply and ground water

Not yet further addressed

Effects of transport and traffic

These aspects are also being addressed as part of the investigations covering the proposed extensions of the harbour facilities

The possible cumulative effect

Not yet resolved satisfactorily and will be considered by the provincial administration

(2) Please refer to the previous point Due to the uncertainty with regard to the exact nature and extent of possible satellite industries, it would be very difficult to assess that effect at this stage

SALDANHA STEEL PROJECT

STUDIES RECOMMENDED IN THE SPECIALIST STUDIES OF THE CSIR

* *Appendix 2 Specialist Study of Vegetation*

— "Models to explain the processes operating within the vegetation will need to be determined " (p 12)

— "The location and extent of populations of rare and endangered species will need to be determined via ongoing field studies over the period of at least one year (all four seasons), but preferably longer " (p 12)

* *Appendix 4 Specialist Study of Air and Dust Pollution*

— "It is recommended that an ambient monitoring network for dust together with an anemometer be installed at an early date to provide before and after data " (p 45)

— "It is recommended that a more detailed follow-up study be undertaken to confirm the present findings and introduce the effects of changes made subsequent to the original assumptions " (p 45)

* *Appendix 5· Specialist Study of Groundwater*

— "The aquifer hydraulics should be determined and leaching studies undertaken in order to calculate expected travel time and the effect on the groundwater quality Basic modelling of the groundwater flow rates and directions should take place to identify areas which could be impacted " (p 12)

* *Appendix 7 Specialist Study on Screening of Traffic Impacts*

— "A materials transportation management plan needs to be prepared by SSP" (p 22)

— "A feasibility study on the upgrading of the rail crossing/intersection incorporating the pipe conveyor system is required urgently " (p 23)

* Some of the specialist studies recommend an ongoing monitoring programme (which should begin prior to the main construction activities to obtain background data) and an annual environmental audit, as well as a concomitant Environmental Management plan and mitigation programme, to provide an early warning of possible degradation of the environment

Iscor: Minister faces court bid

(189A)

Environment Reporter

A LANGEBAAN property owner is bringing an urgent Supreme Court application today to order Environmental Affairs Minister Dawie de Villiers to appoint a board of investigation to review Iscor's proposed steel plant at Saldanha Bay.

The application was scheduled to be heard at 2 pm.

The minister can appoint a board of investigation under Section 15 of the Environment Conservation Act

Papers have also been served on the provincial government, which is considering a rezoning application from Iscor ARU 30/5/95

This application is for a temporary interdict restraining the province from approving the rezoning until the application for the order to Dr De Villiers has been resolved.

Legal attempt to stop Saldanha rezoning

CT 30/5/95 (189A)

CHRIS BATEMAN

AN URGENT interdict was being prepared yesterday to prevent Western Cape Agriculture, Planning and Tourism Minister Mr Lampie Fick from rezoning land in favour of the controversial R4,8 billion Saldanha Steel mill — and to force an independent judicial probe

The interdict was drawn up by Mr Alastair van Huyssteen on behalf of his family's Wittedrift Trust, which believes the matter must be properly investigated by an independent board in terms of section 15 (1) of the Environmental Conservation Act

The Wittedrift Trust, several top conservationists, the National Parks Board and the Western Cape's own Department of Nature Conservation all oppose the scheme on its present site and suggest further environmental probes

However environmental consultant Dr John Raimondo, who vetted a CSIR environmental impact study commissioned by Saldanha Steel, has given the mill a conditional green light

They also fear that Mr Fick's mind is "already made up", something he strongly denies

Yesterday Mr Fick confirmed being served interdict papers and said he would not be in a position to decide before June 13 as he was still studying Dr Raimondo's recommendations His lawyers would oppose the interdict on these grounds

Mr Van Huyssteen said his interdict would ask the Western Cape government to hold back a decision until the court had decided on whether a board should be appointed by Minister of Environmental Affairs Dr Dawie De Villiers and, if appointed, until this board had completed its probe

Langebaan trust applies for interdict on Iscor

ARG 31/5/95 (189A)

Supreme Court Reporter

AN application in the Supreme Court to interdict the authorities over the controversial proposed steel mill at Saldanha has been postponed to June 13.

The application is by the three trustees of the Wittedrift Trust which owns property on the Langebaan lagoon and is directed at, among others, regional Minister of Environment Affairs and Tourism Kobus Meiring, the Westen Cape Premier Hernus Kriel, Iscor and municipalities on the West Coast

The merits of the case were not discussed but the trust is seeking a court order forcing the Minister to appoint a board to investigate the proposed mill and its influences on the surrounding area.

It also seeks an order preventing the rezoning until the investigation is complete.

The Minister, the Premier and Lampie Fick, the regional Minister of Agriculture, Planning and Tourism, have given an undertaking not to give a decision on the rezoning of the land before the case goes to court again next month.

In papers, one of the trustees, Alastair van Huyssteen, said he regarded the application as urgent because "an asset of national and international importance is at stake".

"The dilemmma is that the rezoning process stumbles along without the advantages of a investigation in terms of the Environment Protection Act"

Mr Justice Foxcroft was on the Bench and Dawid de Villiers QC, and Lance Burger appeared for the trust

The respondents have not yet replied

'Links nee

Diplomatic Correspondent

SOUTH Africa is looking ı up its international co-o the investigation of crimin

COMPANIES

Aluminium alloys to gain importance

(189A)

Michael Urquhart

BD 31/5/95

SECONDARY aluminium supply would gain greater importance towards the turn of the century with recycling contributing an increasing proportion to the supply side of the metal, analysts said

Frankel Pollak Vinderine analyst Ross Gardner said aluminium alloys were traded on the London Metals Exchange, but to a lesser degree than primary aluminium By 2000 he expected aluminium and aluminium alloys to be of equal importance on the LME

He said increasing use of aluminium alloys for car bodies should lead to growth in this market.

Most analysts were expecting the aluminium price to continue to fall back from the speculative highs of 1994, when hedge fund buying pushed it above $2 100/ton

Long-term price forecasts ranged between $1 400 and $1 650/ton. Currently the metal was trading at about $1 800/ton There could be spikes above this range if the funds showed a renewed interest

One analyst said the surge in the aluminium and other commodity prices in 1994 had been a case of "too far, too fast" The pullback had occurred after the funds had started backing out of the aluminium and other metals markets, leading to a broad decline in commodity prices

But the price was still above the $1 300/ton it had been at the same time last year.

An analyst said fundamentals for aluminium were likely to be strong to the turn of the century, with Alusaf's Hillside smelter being the only major production coming on stream over the next three to four years. Other producers were more likely to step up production than introduce new productive capacity.

The memorandum of understanding between aluminium producers had reduced the quantity on world markets, and had led to a large decline in LME stocks in 1994.

He said the demand side was looking strong, with new markets developing in China and India Aluminium, being environmentally friendly, was finding increasing acceptance in new applications

Action on mill project delayed

(89A)

CHRIS BATEMAN
AND EUNICE RIDER

CT 31/5/95

AN URGENT application against the rezoning of land earmarked for Iscor's controversial R4,8-billion Saldanha Steel mill project at Langebaan Lagoon was postponed in the Cape Supreme Court yesterday to mid-June.

In an affidavit to the court, attorney Mr Alastair Morrison van Huyssteen, who is one of three trustees of the Wittedrift Trust which owns land in the area, said the provincial authorities had agreed not to decide on the rezoning till June 14 and they had therefore agreed to postpone the application to June 13

The eight respondents in the matter include the Minister of the Environment and Tourism, Dr Dawie de Villiers, the Premier of the Western Cape, Mr Hernus Kriel, Western Cape Minister of Agriculture, Planning and Tourism Mr Lampie Fick, the National Parks Board, Iscor and Saldanha Steel

Meanwhile, a former Iscor project manager for the upgrading of the Vanderbijlpark steel works, Mr Haris Esser, said yesterday he was opposed to the proposed project

In a letter to Mr Tinus Slabber, a lawyer representing objectors, Mr Esser suggested that the steel be manufactured at Sishen, thereby reducing complex transport problems, and the end-product be railed to Saldanha for export

Monitoring

Mr Esser says even with modern technology for the plant's air filtration mechanism, the proposed site will "nevertheless lead to a considerable impairment of the biological balance in the neighbouring nature reserve".

Also yesterday, it emerged Saldanha's executive chairman, Mr Bernard Smith, had written to Mr Slabber and said he was drafting a deed to set up an environmental monitoring trust with Saldanha Steel and outside role-players as trustees

The trust would establish a contractual right to apply "certain sanctions" to the plant and firm "if reasonable but demanding pollution criteria are exceeded".

MANUFACTURING – BASIC METALS

1995 (189A)

~~JU~~ JUNE – AUGUST.

RDP projects boost Usko

(189A)

■ BY CHARLOTTE MATHEWS

The present economic growth and electrification programmes have created keen demand for copper, aluminium and steel products made by Usko, reflected in a sixfold increase in its bottom-line profit to R11,7-million in the six months to March compared with the same period last year

On a 41% increase in turnover to R214,4-million, operating income surged by 95% to R14,8-million, showing margins up to 6,9%from 5,0% as a result of increased capacity utilisation

There was an interest cost of R1,9-million against the previous year's credit of R1,1-million, as current liabilities on the balance sheet almost doubled to R81,3-million from R46,2-million

Earnings a share were 2,73c, against a loss of 3,74c a share last year before the capital restructuring or a comparable earnings figure on a diluted basis of 0,94c No interim dividend was paid but the directors said a dividend was likely to be paid at the end of the year.

Star 1/6/95

STEELS & ALLOYS

Let the good times roll

(1894) FM 2/6/95

If there's one area worthy of intense investor interest in the equity market, it is counters tied to steel production, chrome and ferrochromes

In a recent report, Rice Rinaldi commodity analyst Philip Murphy predicts that, over the next two years, ferro-alloy and steel stocks will be the star performers on the JSE He bases this conclusion on the recent performance of stainless steel prices and demand patterns around the world

World stainless steel production looks set to reach 13,5 Mt this year from 12,7 Mt in 1994 This reflects an increase of about 8% a year over the past two years and continues a now well-established trend in which stainless steels are steadily capturing markets previously held by carbon steels (though it is also important to note that the absolute size of carbon steel production is vast by comparison — 723 Mt last year, 740 Mt expected in 1995)

Supply of stainless steel remains tight Japanese producers are applying quotas and anxious buyers find little available for spot purchase out of Europe Murphy believes this indicates further price rises this quarter, though he expects greater stability in the second half of 1995 as additional supplies from Taiwan, Spain and SA come through

Carbon steel is the driving force for basic requirements such as silica manganese, ferromanganese, ferrosilicon and manganese ores It follows that the continual rise in steel prices and accompanying growth in demand are profoundly affecting prices for these commodities — and these, in turn, affect the immediate fortunes of SA companies such as Samancor

An important development this year has been the marked drop in exports of chrome from Kazakhstan, the CIS's largest producer In 1993-1994, huge shipments from this source played havoc with Western markets Now, however, the main Kazakhstan mine is experiencing serious constraints arising from diminishing reserves

That is accompanied by liberal doses of economic reality — for the first time since CIS states shook off their command economies, there have been major increases in electricity and rail rates One result is that unrealistic cost advantages have been whittled away In 1993 CIS states exported 463 000 t of high carbon ferrochromes, last year this fell to 340 000 t and it's expected to be only 300 000 t this year

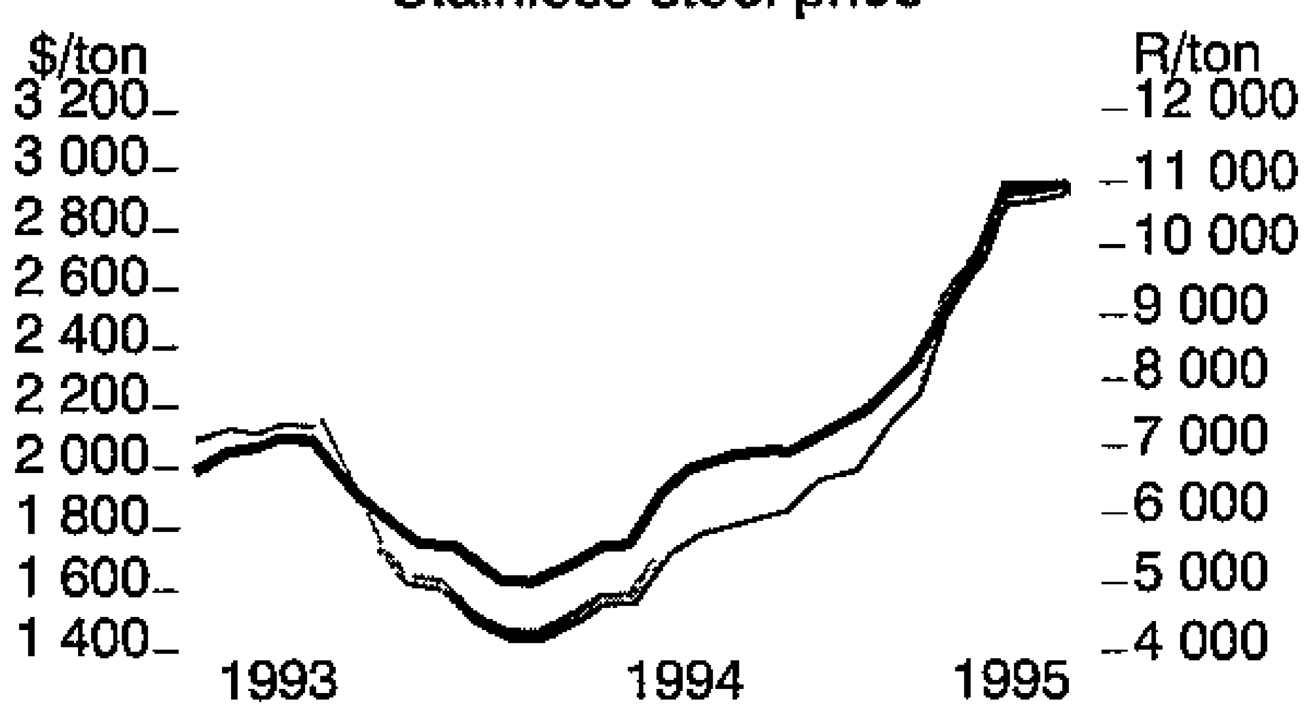
Kazakhstan was an important supplier of chrome ores to China, which converted them to charge chromes The reduction in CIS exports has meant a similar fall in Chinese output reaching world markets

The impact of these developments on SA stocks is significant Rice Rinaldi research partner Mike Wuth expects Samancor, the world's biggest producer of ferrochrome and manganese, to lift EPS in 1996 to 450c from this year's 180c

At least part of this will be derived from rapidly increasing earnings from Columbus stainless steel, in which Samancor holds a one-third share Similarly, Highveld — which also holds 33% of Columbus — is expected to produce record earnings in 1996 of about 600c Much of this will come from the revitalised vanadium market, a large portion will derive from Columbus

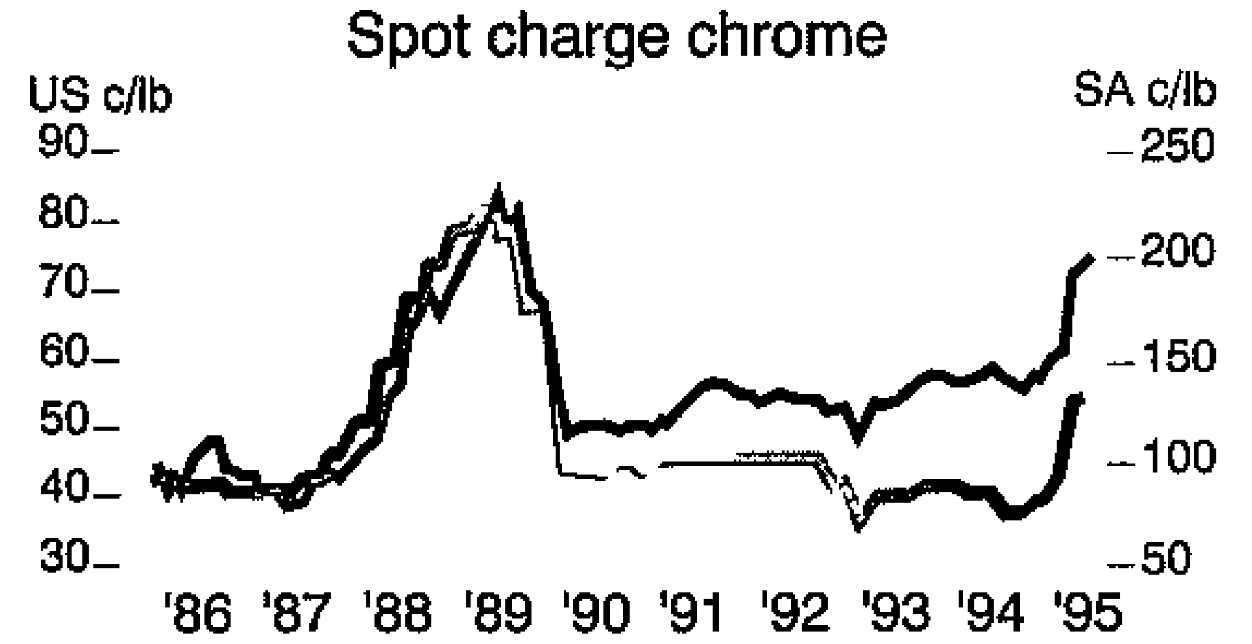
STUNNING TAKE OFF...

Stainless steel price



...PULLING CHROME WITH IT

Spot charge chrome



SOURCE RICE RINALDI

Others to benefit will be CMI, in the JCI stable, and recently listed Chrome Corp, the independent producer controlled by a Swiss company CMI lost 1c a share last year, analysts expect it to return EPS of about 90c this year and 350c next Chrome Corp's listing prospectus predicts only 74c this year but analysts expect 1996 EPS of 120c

A disadvantage for investors is that present share prices discount some of these large anticipated earnings improvements However, Murphy expects most commodities to sustain present levels for about another year, then, as economic activity lessens and new suppliers enter the market, changes in supply/demand balances will bring price reductions He doesn't expect these to work through to companies' bottom lines until well into 1997, however, but share prices will react sooner

The exception to this picture of a commodity boom is copper, which has probably already peaked and is leading the expected downturn by at least a year In large part, this arises from substantial new supply coming on stream over the next two years

The implication, though, of copper's early downturn is that it may also lead the next cyclical upswing, probably from 2000 onward That will suit Minorco's book rather well in the light of its new South American copper mines, scheduled to come into production about then *David Gleason*

GILTS

More wishful thinking

This week the bellwether gilts stock, RSA 150, broke through the magic 17% yield-to-maturity level on the back of some rather bad economic results and information In a market notable in recent months for quiescence, the decline in capital value passed with little attention

Contrary to some opinion, responsible gilts traders say talk of increased volatility is a case more of wishful thinking than real fact One analyst believes the market will top out at around 17,5%, at the same time, he expects it to be approached snail-like over the next six months

"What is noticeable," he says, "is the highly visible balance which now exists between government needs and the money readily available to institutions " That reinforces the view that the market is unlikely to indulge in any spectacular gyrations

Another analyst takes a different view Since September, all bond trading has taken place within a startlingly narrow band As this happened, so options volatilities fell in sympathy, logical since these track the underlying instrument As an example, in September the implied volatility on R150 options was 14%, it is now 5,6%

"What this does is to make options fairly cheap On the other hand it makes writing them comparatively unattractive " That suggests a market going nowhere — which is so often when it erupts *David Gleason*

ALUSAF (189A)

Enter the ISU

FM 2/6/95

Members of the police specialist Internal Stability Unit (ISU) will remain at Alusaf's Hillside smelter "for at least the next few months" to dispel the threat of further violent labour unrest, says Alusaf MD Rob Barbour.

The cost of the recent strike at the plant — which started after some of the 5 000 construction workers demanded permanent jobs after their contracts expired — is estimated at nearly R10m. "Foreign personnel on site became very nervous They were distressed at what they had been caught in, as were all supervisory staff. This is why the ISU was called," says Barbour

It will stay because, though the project is five months ahead of schedule, production of the first aluminium, which was scheduled for mid-1995, "could be delayed by two to three weeks."

Foreign personnel admit they were frightened by the level of violence during the Hillside strike. "Offices were ransacked and female personnel were advised to leave the site Later all personnel were asked to leave as the situation went out of control," says one European-based supervisor who vowed never to return to SA.

Barbour confirms that some looting of foreign contractors' offices took place but says Alusaf's offices were not damaged

"The financial impact of this delay is considerable and will become known only after claims from contractors who suffered damage have been settled" But he says the damage and delay claims from contractors should not amount to more than R10m ■

1898 WM 2-8/6/95

'Work. That's what the people need'

An ANC MP kicks dust in the faces of those who want to stop the Saldanha steel mill, reports **Rehana Rossouw**

What about the working class? ANC MP Jenny Schreiner has critised conservationist and the 'bourgeoisie' for their 'arrogance'

AFRICAN National Congress MP Jenny Schreiner this week hit out at "arrogant" conservationists for trying to stop Iscor from building a steel mill in the environmentally sensitive Langebaan lagoon area at Saldanha

Her broadside came as a Saldanha landowner brought an urgent interdict against the Western Cape government to prevent the site for the proposed mill from being rezoned for industrial use

Accusing conservationsists of ignoring the needs of working class communities, Schreiner who services the Saldanha constituency on the Cape west coast for the ANC, says the economic prospects for residents in the area are bleak Fishing is in decline and is a seasonal activity Many fishermen supplement their incomes by working on farms where wages are appallingly low"

The steel mill says Iscor will create 4 000 construction jobs and several hundred permanent jobs

Schreiner says the south-west coast needs to be developed as a matter of urgency, and wants a strategic environmental assessment of Saldanha be conducted soon, to examine the viability of the fishing industry ecotourism and other industries, including the steel mill

"The development of the area could be an RDP dream It could be people-oriented, empowering and environment-friendly The area could get housing, roads schools, clinics and, most importantly, jobs," Schreiner says

She says that while landowners were raising concerns about the impact of the steel mill on the "pristine beauty" of the area, Iscor had consulted working class communities about the mill The local ANC branches civics and unions had been given commitments from Iscor on environmental issues and occupational health

"It is incredibly arrogant to assume that only the bourgeoisie — the landowners — are concerned about the environment and able to make informed decisions related to it

"I briefed people recently at a fishing industry summit in Saldanha Bay on the steel mill project and the steps which should be taken to protect the environment Although I was addressing fishermen, people whose level of formal education is extremely low the entire hall debated the merits of the project

"The fishermen, who live off the sea, spoke of how they had to go further and further out to sea to find mossbankers and how their grandfathers had stood on shore with lines and caught them

"The environment is in these people s blood They might not be able to talk about environmental impact assessments but they have a better understanding of their immediate environment than many intellectuals with their fancy theories "

Schreiner is also scathing about the call by landowners to protect the "pristine beauty" of the area "There is no pristine beauty anywhere in South Africa It s a misconception to believe that people have left any part of the country untouched Apartheid certainly did not touch it in a way that left it protected

"It s easy for the environmentalists to sit back and criticise development in this area It s not as easy to come up with an alternative which improves the quality of life of the people there "

Schreiner says that the benefits of ecotourism in the area amount to "a big zero" for the working class community

"There has been no community involvement in the ecotourism industry around Saldanha Residents were never consulted about exploiting their area s natural resources for tourism "

Schreiner's views are echoed by University of Cape Town environmentalist Farieda Khan Providing jobs or protecting the environment should never be an either/or debate, she says The situation has to be examined holistically and from every community s point of view

"South Africa is a developing nation which makes it difficult at the best of times to decide in favour of preserving the aesthetics of an area at the expense of people s basic needs At the same time the country also has a responsibility to future generations to preserve the environment "

'It is incredibly arrogant to assume that only the the landowners are concerned about the environment and able to make decisions'

Khan says each development has to be judged on its merits balancing the short term employment needs against the long-term environmental imperatives

She says there is an erroneous perception that the environmental debate is one which belongs primarily to white people and cannot be taken seriously by black communities

"This perception was inherited during the apartheid past when environmentalists were seen to be primarily concerned with preservation and wildlife issues Black communities viewed environmentalists as people who were saving the whales and the rhinos at the expense of their needs," Khan says

"So the response from people was very hostile They were also apathetic because they were sunk in everyday survival concerns Yet people in South Africa have always been interested in environmental concerns because it has to do with where they live work and play "

Khan is also sceptical of attaching too great a significance to protecting scenery from industrialisation While industry needs to be planned "sensitively", environmentalists are often too caught up in preserving "traditional" beauty spots

"In Cape Town for example there s too much emphasis on the peninsula on Table Mountain and the Cape of Good Hope nature reserve For how many people is it beautiful? How many people have experienced its beauty?

"There are so many people living on the Cape Flats who have never been to these places for whom it holds little significance Environmentalists have to realise that there are indigenous plants on the Cape Flats which are beautiful and just as worth preserving as those on Table Mountain or in distant nature reserves

"Everyone needs to be informed of the impact of a development How many people are talking about the Saldanha mill? All you have right now are experts and environmentalists slugging it out You never hear the views of ordinary people " Khan said

"The environment belongs to every citizen in South Africa not a few experts What should be happening is that experts inform the public so that they can also participate in the debate "

Saldanha mill's future hinges on land enquiry

(189A)(88) ARG 3/6/95

WILLEM STEENKAMP
Weekend Argus Reporter

A DECISION on the future of the controversial steel mill near Saldanha will only be taken after an urgent application against the re-zoning of the land is heard by the Supreme Court on June 13

Willem van Huyssteen, spokesman for the regional planning Minister Lampie Fick, said there had been a "gentlemen's agreement" between the parties that no decision on the future of the plant should be taken until the application against the re-zoning is heard

Mr Van Huyssteen said, in spite of rumours that the authorities were ready to grant re-zoning and give the go ahead for the R4,7 billion mill, it was simply not true

"There are some very tough questions being put to Iscor, questions that Mr Fick wants detailed answers on

"This office has been inundated by people who are either for or against this development Mr Fick clearly realises the issues at stake and we will do everything in our power to ensure these issues are investigated before any final decision "

Mr Van Huyssteen said the fact that Iscor had already ordered equipment for the mill as early as January this year would not play a role in a decision on the future of the plant

"That was their decision and it is their problem This will not put pressure on Mr Fick in any way," said Mr Van Huyssteen

But in spite of Mr Van Huyssteen's assurances that the decision on the future of the proposed plant was wide open, a senior official in regional government who asked not to be identified, said he had little doubt the re-zoning of the land would be approved

The official said the Westen Cape needed a development of this size to boost the economy of the region He was adamant that the environmental aspect of the development was not negotiable

The decision to give the go ahead for the mill would be linked to stringent environmental assurances to protect the sensitive ecology of the Langebaan Lagoon

(189A) ~~(226)~~

Iscor mill inquiry

ST 4/6/95

By CHARL DE VILLIERS

ENVIRONMENT Minister Dawie de Villiers is to consult cabinet colleagues next week about setting up a judicial inquiry into the Saldanha steel mill controversy.

If approved by the cabinet, the investigation could partly settle a pending Supreme Court action on June 13 by landowners who want to stop Iscor's chosen site, near Langebaan lagoon, being rezoned for industrial use

It could also satisfy the project's critics who say the Western Cape government does not have enough information to approve the siting of the mill

Watchdog group to probe Saldanha mill

(189A)

CT 5/6/95

CHRIS BATEMAN

THE world's top wetlands watchdog body is so concerned at developments in the Saldanha Steel controversy that it intends officially asking for "further information"

The Ramsar Convention on Wetlands of International Importance has yet to be officially briefed by Environmental Affairs and Tourism Minister Dr Dawie de Villiers

Signatory governments, of which South Africa is one, undertook to inform convention partners if change in the ecological character of designated wetland sites was likely

Mr Michael Smart, senior policy adviser to the 86-member Ramsar Bureau, said senior members of Dr De Villiers' department had informed him unofficially that there were "potential problems coming up", but there had been no official notification His Cape Times interview was the first time he had been "briefed in such detail"

The convention is sending its top African member, Mr Tom Kabu, to SA on a fact-finding mission next month.

SA's only Ramsar official, Prof Michael Bruton, said he had "the impression that (Dr De Villiers) feels until the land is formally rezoned and the mill given the go-ahead there's no need to inform Ramsar of what's going on"

● Earthlife Africa has accused politicians of "misleading" West Coast residents with the promise of jobs.

They said the National Union of Metalworkers of SA had an agreement with Iscor in terms of which workers retrenched from their Vanderbijlpark plant would get the first bite at the 600 jobs on their proposed Saldanha site

(3) No, the investors realise that the alleged fraud was perpetrated by Swiss nationals in Switzerland

(4) Yes, every possible assistance was and will be given to the Swiss authorities and the investors In the meantime a liquidator has been appointed in Switzerland who has in turn appointed a representative in South Africa to assist with the possible recovery of all assets arising from the alleged fraud and misappropriation of funds and scrip on behalf of the clients of Equity Brokers Clearing

New prisons planned/under construction

97 Sen J SELFE asked the Minister of Correctional Services

(a) How many new prisons are currently being planned or under construction in the Republic, (b) where is each being built or to be built, (c) what is the intended capacity of each, (d) what is the estimated cost of each, (e) when is it anticipated that each will be completed and (f) in respect of what date is this information given?

S178E

The MINISTER OF CORRECTIONAL SERVICES

(a) Seven

(b)	(c)	(d)	(e)
Paarl/Victor Verster	474	R 12,150 million	9/95
Worcester/Brandvlei	316	R 10 350 million	9/95
Porterville/Voorberg	1 201	R 86,470 million	8/96
Umzinto/Umzinto	358	R 27,950 million	9/95
Goodwood/Wingfield	1 501	R144,100 million	1/97
Malmesbury/Malmesbury	1 197	R149,070 million	1/98
Pietermaritzburg/Napierville	1 649	R 93,980 million	12/98

(f) 8 May 1995

Saldanha steel project availability of water (1894)

113 Sen E K MOORCROFT asked the Minister of Environmental Affairs and Tourism

(1) Whether a formal study has been conducted to establish whether there is sufficient water available in the surrounding area to sustain the Saldanha steel project and associated industries, if not, why not, if so, what were the findings,

(2) whether any studies have been (a) initiated and/or (b) completed into (i) the effects (aa) of the proposed project on the harbour and lagoon, (bb) on tourism, (cc) of pollution on the viable marine culture industry and the resultant loss of jobs, (ii) the cumulative effect of pollution caused by satellite industries and (iii) the cost in respect of jobs that could be lost if the area was changed from a conservation to an industrial area, if not, why not, if so, what are the relevant details in each case?

S213E

Hansard 6/6/95

The MINISTER OF ENVIRONMENTAL AFFAIRS AND TOURISM

(1) No, although this aspect was included in studies that were done about 20 years ago at the stage when it was decided to develop the Saldanha area as an industrial area

The availability of sufficient water was, however, discussed in the Final Environmental Impact Report It was mentioned that the Besaansklip Reservoir will be able to supply sufficient water for the Saldanha steel project Concern was expressed in that report regarding the availability of water for associated industries This matter was, however, at that stage not further addressed in a formal study

The Minister of Water Affairs and Forestry announced on 19 May 1995 that this matter, as well as water pollution aspects, will be thoroughly addressed in a formal study commissioned by his Department

(2) (a) (i) (aa) Yes An environmental impact assessment is being undertaken by the CSIR and Crowther Campbell & Ass, for extensions of the General Cargo Quay The draft report will be published for comment by the end of June

(bb) Please see reply on the next point

(cc) Yes These aspects are being addressed as part of the environmental impact assessment which covers the proposed extensions to the harbour facilities As part of the environmental impact assessment, the following specialist studies are being undertaken

* *The impact of dredging on mariculture and marine ecology,*
* *The handling of material and associated dust problems,*
* *The increased risk with regard to increased maritime traffic in the harbour area*
* *The social impact of the development (including tourism and job opportunities),*
* *The impact of increased traffic flow*

(b) (i) (aa), (bb) and (cc) Fall away

(a) (ii) No The possible cumulative effect of pollution caused by satellite industries has not been satisfactorily clarified and will be considered by the provincial administration Due to the uncertainty with regard to the precise nature and extent of possible satellite industries, it will be very difficult at this stage to assess the effect with certainty

The zoning of areas that are at present being managed as conservation areas will not be changed to industrial area The indirect impact in the greater Saldanha area will be taken into account by the Western Cape Province during the assessment of the application

The results of the aspects that are now being addressed will also be available at the end of June 1995 for public scrutiny and comments

(bb) to (b)(iii)(cc) Fall away

Members of SAPS/police reservists: deaths

21 Sen J SELFE asked the Minister for Safety and Security

(a) How many (i) members of the South African Police Service and (ii) police reservists (aa) committed suicide and (bb) were killed in the line of duty in 1994 and (b) how many members of the SAPS died in or as a result of political violence in 1994?

S229E

The MINISTER FOR SAFETY AND SECURITY

(a) (i) (aa) 184

(bb) 78

(ii) (aa) None

(bb) 1

(b) 9

Note

These statistics only refer to members of the South African Police

ARG 6/6/95

Nzo enters debate on Saldanha mill

(1591)

Political Staff

PRETORIA — A new player — the department of foreign affairs — has entered the debate on the Saldanha Bay steel project

Iscor's decision to build a steel mill at the town drew comment from Foreign Affairs Minister Alfred Nzo when he set the World Environment Day celebrations ball rolling at the State Theatre yesterday

South Africa became a contracting party to the Ramsar Convention on Wetlands in 1975 and 12 South Afrian wetlands had been designated and listed as "wetlands of international importance" — including the one at Saldanha Bay, Mr Nzo said

The Foreign Affairs Minister officially opened an environment exhibition — the first official World Environment Day function — but declined to give any further comment on the Saldanha steel mill project

A furore has erupted in recent weeks about Iscor's decision to build a steel mill at Saldanha Bay because of ecological damage to the sensitive Langebaan lagoon — site of the West Coast National Park

Samancor-Japanese venture

BD 6/6/95 (189A)

Marcia Klein

FERROALLOYS producer Samancor has signed a joint venture agreement with two Japanese companies, Showa Denko and Marubeni, which will see Showa Denko transfer its production of low-carbon ferrochrome and related special grades to Samancor's Middelburg plant.

Samancor said yesterday the new joint venture company, Middelburg Technochrome, would produce standard and special low-carbon ferrochrome at Samancor's Middelburg Ferrochrome plant

Samancor would have 65,5% of the company as well as management responsibility. Showa Denko, with a 20,7% stake and Marubeni, with 13,8%, would be responsible for marketing the products in Japan In other areas, the three partners would market to their traditional customers

Samancor executive chairman Mike Salamon said Middelburg Technochrome would "strengthen the ferrochrome business of all three partners by combining Samancor's production capacity with Showa Denko's technology and Marubeni's marketing power" Showa Denko would provide technology for special grades.

On Japanese investment, Samancor said Showa Denko and Marubeni "will provide the capital required for investment in plant and equipment for upgrading and the production of the special products"

Showa Denko would phase out production at its Chichibu Works in Japan and transfer the production of special grades to the new SA-based company The joint venture was expected to start operating from the first of next month

Iscor shares 'volatile but worth holding onto'

CT(BR) 7/6/95 (189A)

By Llewellyn Jones

Staff Writer

Iscor shareholders should hold on to their investment despite the counter's recent volatility, an analyst said

The counter recovered 5c to finish at 435c yesterday after falling 9c on Monday as over 1,25 million shares changed hands. It touched this year's high of 475c in March coming off a low of 402c in January

An analyst said three issues were affecting Iscor's share price

The first was the rights issue in April Most institutions regarded the rights issue at 380c a share too good to pass up. But this resulted in many of them being overweight in Iscor shares and many had recently taken profits and tightened up their portfolios

The second was concern that Iscor would not match earnings' forecasts for the year to June

"There has already been some comment and the company's management has said that it might not meet forecasts," he said.

The combination of the effects of the rights issue and the recent capitalisation award in their forecasts could dilute earnings by about 20 percent, he said

The third was the negative publicity surrounding the Saldanha project

"This has created a slight panic situation, but nothing worth tying your knickers in a knot over At the end of the day, a compromise will probably be reached with the project going ahead at the current site with some extra safeguards built in," the analyst said

He saw the counter vacillating between 430c and 460c in the next three months, but expected it to be trading well over 500c in the new year, heading towards 600c by the year's end

Merged mining operation needs to spend R85m

CT(BR) 7/6/95

By Derek Tommey

Mining Editor

Durban Deep shareholders should prepare for a major rights issue following its proposed merger with Rand Leases.

Peter Flack, Durban Deep's chairman, says in his annual statment to shareholders that the merged mine will have to spend R85 million in the next two years.

Durban Deep has previously indicated that it is considering a rights offer to fund its capital requirement and repay its debt.

Flack says the merger of Durban Deep and Rand Leases should extend the life of the resultant mine by at least 25 years at the current gold price and enable it to produce a substantial profit from 1997 onwards

The merger will bring significant financial and technical advantages to the two mines as they exploit the same reef horizons

The merger will allow operations to be concentrated closer to arterial routes, reducing costs and allowing the exploitation of otherwise uneconomical reserves.

Pumping operations at Durban Deep will assist in dewatering large blocks of inaccessible higher grade ore reserves at Rand Leases

By combining resources and management functions, operational overheads and other costs will be reduced significantly

The metallurgical plant at Durban Deep will be upgraded, Flack says, allowing an increase in mining and processing well above present capacities

Durban Deep's shareholders are to vote on the merger on June 20 Durban Deep will be offering five of its shares for every 200 Rand Leases shares

ARG 7/6/95

Steel mill worries foreign convention

(189A)

Environment Reporter

AN international convention on wetlands has asked for more information about Iscor's proposed steel mill near the shores of Langebaan lagoon.

The call for information from the Department of Environment Affairs came from the Ramsar Convention's Swiss-based secretariat.

The Ramsar Convention, originally negotiated as a means of conserving waterfowl, is now a key tool in the conservation of wetlands, recognised as one of the world's most threatened ecosystems.

South Africa is a signatory to the convention and Langebaan Lagoon is one of a handful of proclaimed Ramsar sites in the country

In terms of the convention, signatories must be informed of any possible threats to proclaimed sites

The Citizen's Review Group, an alliance of people opposed to Iscor's plan, contacted the Ramsar Bureau in Switzerland to ask it to inquire why it had not been informed officially of the proposal by the South African government

The group says the Langebaan lagoon is threatened by the steel mill

"Dr De Villiers has declined to notify Ramsar in spite of considerable and substantial opposition to the project, including that from Cape Nature Conservation, National Parks Board and the World Wide Fund for Nature South Africa," said the group

"Technology can be built anywhere, this rare lagoon is unique and irreplaceable"

Iscor board query

(189A) Star 8/6/95

■ OWN CORRESPONDENT

Cape Town — Dr Antonie Gildenhuys, the chairman of the board of inquiry set up yesterday by Environment Affairs Minister Dr Dawie de Villiers to probe the controversial Saldanha steel mill, is a former director of a law firm that has done work for Iscor

Dr Gildenhuys said that he left the Pretoria firm of Gildenhuys Van der Merwe in 1989 to join the Johannesburg firm of Hofmeyr Van der Merwe

He said that Gildenhuys Van der Merwe, which had retained his name in its title, still employed him as a consultant but "without remuneration"

"I have nothing (else) to do with the firm," he said. Had he still had an interest in the law firm, "there definitely would be a conflict of interest".

STEEL PLANT PROJECT PUT ON HOLD

Govt orders Saldanha probe

CI 3/6/95 (EB) (189A)

THE ESTABLISHMENT of a board to probe the environmental impact of the proposed Saldanha steel mill has effectively delayed any decision on the future of the project. **BARRY STREEK** and **CHRIS BATEMAN** report.

THE controversial Saldanha steel project was yesterday effectively put on ice when a board of investigation was appointed to look into the environmental consequences of the proposed development

The Minister of Environmental Affairs, Dr Dawie de Villiers, announced the establishment of the board yesterday.

It is to be chaired by Dr Antonie Gildenhuys, former chairman of the National Peace Secretariat

Professor Richard Fuggle of the University of Cape Town was appointed as a member

Dr De Villiers said additional members would be appointed to the board, which was appointed in terms of the Environment Conservation Act

Despite the appointment of the board, it is reliably understood that Iscor is pressing ahead with its preparations and is confident it will eventually receive the go-ahead for the project

Western Cape Agriculture, Planning and Tourism Minister, Mr Lampie Fick, on whose desk Saldanha Steel's rezoning site application lies, said last night he felt it was still possible to make his decision "within a couple of weeks"

"Dr De Villiers' action will have to be considered but it's too soon to say whether it will delay my decision," he said

More documentation was coming in every day from scientists and interested parties and this was being "cross-checked and assessed"

This made it difficult to give a date for his decision

Alternative site

Saldanha Steel, which is continuing with its R4,8 billion mill plans, has asked for the proposed Yzervarkensrug farm site, three kilometres from the waterside, to be rezoned from agricultural to industrial use

Mr Fick and Water Affairs Minister Professor Kader Asmal are flying to the controversial site and a proposed alternative site (Langeberg Farm, some 10km from the lagoon) tomorrow, where they will meet council officials and hold a press conference

However, provincial Minister of Nature and Environment Conservation Mr Kobus Meiring said he was sure the rezoning would be delayed until the investigation was complete.

The announcement came shortly after the chairman of the Portfolio Committee on Environment Affairs, Mr Peter Mokaba, asked Dr De Villiers to appoint the board

After his committee heard evidence from a group of environmentalists linked to Earthlife Africa and an Iscor consultant, Mr William Roper, Mr Mokaba said he did not feel anything should be done in a hurry "until we have arrived at a well-considered position"

Dr De Villiers said the board's hearings on the issue would be in public, as laid down in the law, and people could be ordered to appear before it

Iscor had been informed of the decision and while it was not enthusiastic, it accepted it

In terms of the act, the board of investigation will evaluate the matter and advise him, Dr De Villiers said

● WILLEM STEENKAMP reports that Dr Gildenhuys is a former director of one of Iscor's law firms

Dr Gildenhuys, who confirmed last ni[ght] that Dr De Villiers had ap[pro]ached him for the post of board ch[air]man and he had accepted, said, ho[we]ver, that he left the Pretoria firm of G[ild]enhuys Van der Merwe in 1989

The firm, which had retained his name in its title, still employed him as a consultant but "without remuneration"

Iscor spokesman Mr Neels Howatt confirmed last night that "we are using Gildenhuys Van der Merwe in this matter (the steel mill project)".

T 8/6

INQUIRY COMING: Dr Dawie de Villiers, with Mr Kobus Meiring, provincial Minister of Nature and Environment Conservation (left) and Mr Johan Jooste, of the same department, announce the setting up of a board of inquiry. *PICTURE: CLIVE SMITH*

Probe of 'all aspects' of Saldanha steel plant

(189A)

ARG 8/6/95

JOHN YELD
Environment Reporter

A BOARD of inquiry headed by former National Peace Secretariat chairman Antonie Gildenhuys has been appointed to probe all available information, including objections, about Iscor's proposed steel plant at Saldanha Bay

The board, appointed in terms of Section 15 of the Environment Conservation Act, will include at least one nationally recognised environmentalist and must assist Environmental Affairs Minister Dawie de Villiers to evaluate the proposal

The appointment of a board is one of the major demands of a Supreme Court interdict application against the steel mill, brought last week by a Langebaan Lagoon property trust

The application was postponed by agreement to next week

Earlier yesterday National Assembly Environment Committee chairman Peter Mokaba said he had intended asking the minister for an inquiry and that it was important for such a precedent to be set for future industrial development of this nature

Announcing the board's appointment yesterday, Dr De Villiers said that if it found strong reasons for not allowing the proposed steel plant to be constructed, he would go to the cabinet for approval to act in terms of Section 31 of the Environment Conservation Act which allows him to forbid any action which damages — or threatens to damage — the environment

He stressed that the board would not undertake a new environmental impact assessment of Iscor's proposal and that its inquiry, which would include public hearings of evidence, would be completed as soon as possible

"I don't want to put a time frame on this, but it won't take months and months A lot of work has already been done, and it can be completed in a reasonably quick time," Dr De Villiers said "This is an issue which has generated much emotion and clashing interests

'Matters of this nature are very difficult and very complex you need to have compromises and you have to weigh conflicting interests This is perhaps one of the most difficult examples of weighing such interests "

The environmental impact assessment of the plant had, to date, indicated that it could be built and operated within acceptable limits

'But there are also arguments that the impact assessment was too limited — for example, it only looked at Iscor's proposed site, and there are other questions which have been raised by the National Parks Board, World Wide Fund for Nature and others

'So to try to assess this in the most responsible and objective manner I've decided to appoint the board "

Dr Gildenhuys was a trained jurist who had specialist knowledge and experience of water law and environmental legislation

Richard Fuggle, head of the University of Cape Town's department of environmental and geographical sciences and a member of the Council for the Environment, was the only other member of the board named yesterday, but Dr De Villiers said he was likely to appoint 'one or two more"

● Sapa reports that earlier at a National Assembly Environment Committee meeting, it was asked if the proposed rezoning of the site from agricultural to heavy industrial land-use went ahead, it would be impossible to stop development, despite the incomplete impact studies

It could cost the government a lot" in compensation if, once the land were rezoned and Iscor had started developing, environmental and other impact studies showed the site was unsuitable for heavy industrial development, Mr Mokaba said

The Minister said he was unable to comment

Govt launches Saldanha mill inquiry

Edward West (189A) BD 8/6/95

CAPE TOWN — A board of inquiry would be appointed to conduct an environmental assessment of the proposed R4bn steel mill in Saldanha Bay, Environment Minister Dawie de Villiers said yesterday.

The planned steel mill, a joint equity venture between Iscor and the Industrial Development Corporation, has attracted strong criticism from environmental groups and property owners in the area

An application for an interdict forcing De Villiers to appoint a board of inquiry and appealing for the site's rezoning to be postponed until the board completed its assessment is due to be heard in the Cape Supreme Court next week.

De Villiers said he decided to appoint the board following a report from an ad hoc committee of the Council for the Environment and following reservations on the matter expressed by Western Cape provincial environment MEC Kobus Meiring

Iscor had indicated it was not opposed to the investigation, De Villiers said.

Former national peace secretariat chairman and jurist Antonie Gildenhuys would chair the board and would be assisted by University of Cape Town geography and environmental sciences department head Prof Richard Fuggle. Other board appointments were being finalised

De Villiers was confident the investigation could be concluded quickly.

Others opposing the plant include the Cape Nature Conseration, National Parks Board, Wildlife Society, Earthlife Africa, the National Union of Metalworkers of SA and World Wildlife Fund.

Digging up the dirt Deputy Environmental Affairs Minister Bantu Holomisa and Mail & Guardian Editor Anton Harber at Friday's presentation of the Dirty (environmental) Pictures photographic awards sponsored by the M&G and Earthlife Africa.

PHOTOGRAPH: BRETT ELOFF

'Sleight of hand' by Iscor in Saldanha

(189A) WM 9-14/6/95

Ian Moultrie, a private shareholder in Iscor, takes issue with ANC MP Jenny Schreiner's comments on opposition to the proposed Saldanha Steel Project

JENNY SCHREINER is reported in last week's *Mail & Guardian* as saying, "It is incredibly arrogant to assume that only the bourgeoisie are concerned about the environment." Nobody I know is making that assumption. And no one I know is trying to stop Iscor from building its steel mill or "criticising development in this area".

What they want are answers to a lot of questions, some of which will require serious study.

The Saldanha Steel Project was stitched together in a rush and the plasters are starting to peel. There are two reasons for Iscor's haste and neither of them has to do with earning foreign exchange, or ore beneficiation, or jobs for the local community, which are the stated motivations.

First, Iscor had to order equipment quickly so as to obtain R1-billion in section 37e income tax concessions before they were withdrawn in January this year. Without these the project would have been far less profitable. Second, the Industrial Development Corporation, a big Iscor shareholder, had a lot of cash and wanted to tuck it into a profitable long-term investment before its emphasis was redirected into Reconstruction and Development Programme projects.

Making steel is arguably the dirtiest industry there is, producing hazardous wastes which are difficult and expensive to contain. Iscor started off on the right foot in March last year, by voluntarily commissioning the Council for Scientific and Industrial Research (CSIR) to do an Environmental Impact Assessment (EIA). This is not a legal requirement, nor is it binding on Iscor. Unfortunately, the CSIR was given a very limited brief to investigate the environmental impact of one steel plant with a capacity of 1-million tons per year on a specific Iscor-owned site one kilometre from the water in Saldanha Bay.

During the rest of 1994, Iscor's plans changed dramatically. The initial capacity of the plant increased to 1,25-million tons per year, and then to 2,5-million tons per year; secondary industries were added, including a cement factory, a stainless steel plant, a tube manufacturer, a galvanising plant and a pelletisation plant — in most of which Iscor has a direct, if not controlling, interest. These industries mean extensions to the harbour to double both its capacity and the size of ship than it can accommodate. The EIA was invalidated before it was published, it hadn't considered changes on that scale.

Nevertheless, the report did show up areas which required further investigation. To date, 15 outstanding specialist studies have been identified, and more questions are being raised daily.

For example, while checking this article against the report, I came across a note in Figure 4.4, which states that the effects of the offloading of coal at the quay, and transport to the site "was excluded from the brief of this study".

The coal will be offloaded by a grab hook, from ships of up to 60 000 tons, over several days. If a typical four-day south-easter is blowing that coal dust will gust horizontally across the water, across the beach and into the houses at 70km/h.

Objections were raised with Lampie Fick, the MEC responsible for rezoning the site, something which Iscor had omitted at the outset. He appointed an environmentalist, Dr John Raimondo, to consider the shortcomings of the EIA and the costs of alternative sites, and went overseas to visit steel plants in Canada and the United States.

These plants were shown on TV, overlaid on photographs of Saldanha, suggesting that they were Corex-technology plants of the type proposed by Iscor. They weren't: there are only two Corex plants in the world, Iscor's Pretoria plant is one, which has been going for six years and for which Iscor refuses to disclose essential effluent data. This plant doesn't feature much on the TV. The other was installed a few months ago in Korea.

Iscor didn't tell anyone that. Canadian plants are as clean as they are because Canadians do not put up with smooth technotalk. They rely on and enforce draconian environmental laws, not Corex state-of-the art technology, which Iscor is punting. The plans in the EIA are full of cost-saving short cuts which would never be allowed in Canada.

Raimondo presented his findings at a meeting chaired by Fick on May 25. Raimondo recommended that the site, which had been severely criticised, should not be moved, and that rezoning should proceed, provided certain stringent conditions were placed on Iscor. This caused even more vociferous objections, rooted in the common sense argument that you can't impose stringent conditions on activities whose consequences are unknown.

The management of Iscor has consistently minimised the environmental risks and equally consistently overstated the benefits.

Investors were allowed to believe that Iscor's exports were going to increase by R1,6-billion a year, which would have increased the share's attractiveness as a rand hedge. Government was allowed to think that it was going to earn an extra R1,6-billion a year in dollars.

Everyone was led to think that Iscor was creating a whole lot of new jobs when 4 500 jobs will be lost. None of this is criminal. It is sleight of hand, the very phrase adopted by Iscor's Executive Director, Steel Division, as reported in *SA Mining*.

Three hundred of the 590 jobs at Saldanha Steel Project are for graduates, another 160 for matriculants. The EIA says that, on average, the unemployed in Saldanha have Standard 5 or 6. Anyway, any decent employer would first reward the loyal service and experience of those who want transfers to Saldanha as the Vanderbijlpark operation is phased out.

Saldanha alone will earn profits of R500-million a year. That's as much as the whole of Iscor earned last year from all six of its plants and its ore exports. But Saldanha Steel executive chairman Bernard Smith pleads poverty when it comes to moving the plant 10km inland, to minimise the effects of acid fog, for example. He might be on his own here: six of his biggest private shareholders have said that they would give up some of these amazing profits if studies show that such a move would add value to the environment, always including its people as the significant component.

Not enough info, PAGE 27

Probe ordered

A BOARD of inquiry is to investigate the Saldanha steel mill project, Environment Affairs Minister Dawie de Villiers said on Wednesday.

De Villiers said former National Peace Secretariat Chairman and legal professional Dr Antoni Gildenhuys would chair the board, assisted by University of Cape Town environmental science Professor Richard Fuggle and possibly one or two others.

Saldanha: Probe chairman resigns

CT 9/6/95 (189A)

WILLEM STEENKAMP

DR Antonie Gildenhuys, appointed on Wednesday by Environment Minister Dr Dawie de Villiers to chair a commission of inquiry into the controversial Saldanha Steel project, yesterday recused himself

Dr Gildenhuys, confirmed last night that he had withdrawn because his old law firm, Gildenhuys Van der Merwe, which he left in 1989, represents Iscor for the project

He still acts as a consultant for the firm of lawyers

Details of his involvement with the firm were published in the Cape Times yesterday

"I never foresaw that my old firm would be Iscor's lawyers," he said last night

The Saldanha project was "highly controversial and emotionally charged", he said It was important that there was "no suspicion" of there being interested parties, "especially not in such a sensitive matter"

"I dont think there is any possibility I could do it," he said, expressing relief that the problem had been identified early

He tendered his withdrawal about lunchtime yesterday and Dr De Villiers confirmed this about 5pm No replacement had yet been appointed, he said

Meanwhile, environmental consultant Mr John Raimondo, appointed recently as an "independent" observer by regional Agriculture, Planning and Tourism Minister Mr Lampie Fick to examine a CSIR environmental impact assessment (EIA) of the proposed Langebaan Lagoon site, has come under fire from the project's objectors

They questioned Mr Raimondo's impartiality, claiming he was a member of the Malgas Consortium, a body including the CSIR and other consultants which identified the lagoon site

They also attacked his report to Mr Fick, saying it contained little criticism of the EIA and instead listed ways for Mr Fick to immediately approve the proposed site

Mr Raimondo rejected the allegations

● See Page 6

Iscor might dump Saldanha venture

(189A)

Star 12/6/95

BY DEREK TOMMEY

Government and Iscor seem set on collision course over the proposed R3,6-billion steel plant at Saldanha Bay

Hans Smith, managing director of Iscor, says that further delays in approving the project could force Iscor to reconsider the economic viability of the entire scheme

He told Business Report that he hoped to receive approval from the authorities by the middle of this month

However he added that if a decision to go ahead was not forthcoming by the middle of the month, Iscor would have to recalculate the figures on which the project is based

But Reuter reports that Kader Asmal, Minister for Water Affairs and Forestry, says he will make a decision on the controversial mill only by the end of July

Work is being held up on the plant following the appointment last week by environment minister Dawie de Villiers of a board of inquiry into certain environmental aspects

Smith said in an interview at the weekend that the Saldanha plant was unique It was the only steel plant in the world which would export it entire output This meant it had to be competitive internationally

The export market was a tough one and further delays in the establishment of the plant could affect its ability to compete, especially if the commodity cycle turned down

Risk factor

There was a risk that if the plant was further delayed it would start production just when the commodity cycle was at its bottom This could have a major effect on its earnings Further delays could also lead to an increase in the cost of equipping the plant

Smith rejected a suggestion by environmentalists that the plant should be sited some 20km away from Saldanha Bay

He said this would increase the capital cost by about R50-million and operating costs by around the same amount every year These increased costs, though not substantial, could leave the plant uncompetitive and vulnerable in the event of a drop in the steel price

Smith said that Iscor did not have to go ahead with the plant at Saldanha It had other projects under consideration which would not necessarily be sited in the Western Cape But he felt the plant would be good for Iscor, good for the Western Cape and good for South Africa

Iscor had leaned over backwards to meet the objections of the environmentalists, he said

The plant did not have any coke ovens or blast furnaces which were the main causes of pollution at steel works What exhaust gases there would be recycled and dissipated by becoming part of the steel manufacturing process

Smith said that Iscor was financing a trust which would monitor the Saldanha plant and had the power to shut it down if it did not comply with anti-pollution regulations

Objections

He said the remaining two major objections of the environmentalists were the appearance of the 140-metre high Corex tower, in which the steel would be made, and the possibility that other new industries attracted by Iscor's plant might pollute the area

Smith said he had agreed to clad the Corex tower, but he had difficulty meeting the objections about the effects on the environment in the future of other industries as he had nothing to go on "It's a moving target," he said

The Saldanha plant is expected to produce steel worth about R1,6-billion a year

Iron ore, presently selling for $17 a ton, will become steel which will sell for $340 a ton

CONTROLS TO MINIMISE POLLUTION 'SATISFACTORY'

Greens give OK to Saldanha

CT 12/6/95 (189A)

POVERTY is also a threat to the environment and benign industry is needed, say environmentalists. **CLAIRE BISSEKER** reports.

THE official green light for the controversial proposed Saldanha steel mill moved closer at the weekend with the announcement by the World Wide Fund for Nature, SA (WWF SA) yesterday that Saldanha Steel has undertaken to meet their earlier objections — and the Parks Board softened its opposition stance

National Parks Board (NPB) chairman Mr Naas Steenkamp also said he was "gratified" that Iscor had also undertaken verbally and publicly to meet all their requirements but the NPB would not be revising its stated position

"I have never been opposed to the project I think South Africa needs that kind of development We've been opposed to the siting of it First prize would be to have it located inland but since we can't block the project all we can do is sit back and wait on the politicians," he said

WWF SA chief executive Dr John Hanks said yesterday the "benign" industry proposed would not affect the West Coast National Park and the Ramsar wetlands directly or indirectly

"One of the greatest threats to environment in South Africa is of course industrial pollution but also poverty South Africa deeply needs this sort of benign industry As a growth node it is difficult to be objective and oppose it unless it is going to be a direct threat to the environment," he said

"I am satisfied that the controls to minimise pollution are satisfactory "

Saldanha Steel announced at an on-site meeting on Friday that the plant had been redesigned to use only half as much water as initially projected, by installing a R24-million dry cooling plant

It also undertook not to dump on the site any hazardous or toxic waste containing heavy metals that could possibly bleed into underground water

The WWF SA is expected to issue a revised statement today taking a softer stance than their earlier position that the mill be moved 10km inland away from Langebaan Lagoon

Dr Hanks said "I am working on a revised statement We're not saying we support the mill going ahead, but we are quite happy that the conditions under which we will not object to the present site are going to be met

"We would like to have it 10km inland but we have to be realistic about the cost There are environmental advantages and disadvantages we weren't aware of, like the disadvantage of bringing coal 10km across land on conveyor belts "

He had been reassured that the steel mill would not have a serious visual impact on the landscape as seen from the national park and wetlands areas, but was still concerned about peripheral industry between the mill and the sea

The proposal could still be floored if Water Affairs Minister Professor Kader Asmal refuses to grant a water-usage permit or regional Planning Minister Mr Lampie Fick refuses to rezone the site for heavy industry Both said on Friday that their minds were "not yet made up" but a final decision would be taken by the end of July after all the environmental research had been completed and the local community consulted

Steamroller

Environmental Affairs Minister Dr Dawie de Villiers' recently-appointed board of inquiry could also declare the project "dangerous to the environment"

However, Earthlife Africa claimed in a hard-hitting statement at the weekend that the board was "little more than a steamroller of approval for the project"

Earthlife Africa criticised the appointments to the board of Professor Richard Fuggle, "an old school envirocrat", and Dr Antonie Gildenhuys, who recused himself after it was found his old law firm represented Iscor on the project

"The appointments demonstrate a contempt for any transparent or democratic process, if not a deliberate greenwash or cover up," Earthlife Africa alleged

Prof Asmal, Mr Fick, Deputy Environmental Affairs Minister Mr Bantu Holomisa, provincial Finance Minister Mr Kobus Meiring, environmentalists and Iscor representatives inspected the site on Friday Afterwards about 30 unemployed migrant workers urged Mr Holomisa to continue with the project

They said the municipality had made a list of unemployed people in the area to ensure they were given first preference when jobs became available at the mill

● See Page 15 Business Report

State and Iscor set to clash over Saldanha plant

CT(BR) 12/6/95 (189A)

By Derek Tommey

Mining Editor

The government and Iscor seem set on a collision course over the proposed R3,6 billion steel plant at Saldanha Bay

Hans Smith, Iscor's managing director, said in an interview at the weekend that further delays in approving the project could force Iscor to reconsider the economic viability of the entire scheme

He said he hoped to receive approval from the authorities by the middle of this month However, if a decision to go ahead was not forthcoming by then, Iscor would have to recalculate the figures on which the project was based

But Reuter reports that Kader Asmal, minister for water affairs and forestry, says he will make a decision on the controversial mill only by the end of July

Asmal said the final decision on the project would be an integrated one involving his ministry as well as the environmental affairs and trade and industry ministries

He said Iscor's application for a permit to go ahead with the project would be granted if it agreed to certain conditions The central condition would be to co-operate with a monitoring committee of non-governmental organisations and national, provincial and local authorities

Asmal said the committee would not be merely advisory but would have the power to police and execute the conditions set out by the various ministries

Work is being held up on the plant following the appointment last week by environment minister Dawie de Villiers of a board of inquiry into certain environmental aspects

Smith added that the Saldanha plant was unique — being the only steel plant in the world which would export it entire output

There was a risk that if the plant were delayed further it could start production just when the commodity cycle was at its lowest dip, which could seriously affect its international competitiveness

He rejected a suggestion by environmentalists that the plant be sited about 20km away from Saldanha Bay, saying this would increase the capital cost by about R50 million and operating costs by the same amount every year

Iscor had leaned over backwards to meet the objections of environmentalists, he said

The plant did not have any coke ovens or blast furnaces which were the main causes of pollution at steel works

What exhaust gases there were, would be recycled and dispersed by becoming part of the steel manufacturing process

Smith said that Iscor was financing a trust which would monitor the Saldanha plant and had the power to shut it down if it did not comply with anti-pollution regulations

He said the remaining two major objections of the environmentalists were the appearance of the 140m high tower in which the steel would be made — which he had agreed to clad — and the possibility that other new industries attracted by Iscor's plant might pollute the area

The Saldanha plant is expected to produce steel worth about R1,6 billion a year

SA steel project looks to Cuba

CT(BR) 12/6/95 (189A)

BY DEREK TOMMEY

The Columbus Stainless Steel project at Middelburg in the Eastern Transvaal could soon give the Cuban economy a major boost

An important constituent of stainless steel is nickel which is in fairly tight supply But Cuba has substantial and apparently rich deposits of the metal

Analysts say that any move by Columbus to expand stainless steel production above its planned 600 000 tons a year could be restrained by the limited supply of nickel

In view of this, it is not surprising that two of Columbus's major shareholders — Anglo American and Gencor — have been negotiating to mine nickel deposits in Cuba on a large scale

Details of the negotiations have not been made public Anglo American is being represented by its offshore arm, Minorco, which has a confidentiality agreement with its Cuban partner Caribbean Nickel, under which neither party is permitted to disclose details of their discussion Gencor's negotiations with its Cuban partners are reported to be far advanced

With Columbus almost certain to be a willing buyer for their nickel, analysts expect the two mining houses to press ahead with the development of their respective nickel deposits

Neither Cuba's communist regime nor the American embargo on the island are likely to prove a problem And in view of the recent comment by the deputy minister of foreign affairs, Aziz Pahad, that South Africa and Cuba were friends and that South Africa had a special interest in Cuba, it seems unlikely that Cuba will object

Mill inquiry: Minister seeks new chairman

ARG 12/6/95 (189A)

Environment Reporter

ENVIRONMENTAL Affairs Minister Dawie de Villiers was at his desk early today making calls to find a replacement chairman for the board of inquiry into Iscor's proposed R4,7 billion steel mill at Saldanha Bay

This follows the withdrawal on Friday of former National Peace Secretariat chairman and legal expert Antonie Gildenhuys, who resigned two days after being named as chairman because of his links with a Pretoria legal firm which represents Iscor

Only one other nomination to the board — that of University of Cape Town environmental academic Richard Fuggle — has been confirmed so far

When he announced the board last week, Dr De Villiers said he was likely to name "one or two" other members

At 7 45 am today, a spokesman for Dr De Villiers said the minister had already made several calls in connection with finding a new chairman

"We're working on it It could be a long process that will take all day, or we could have someone in five minutes," he said

The Wildlife Society said it was encouraged by the appointment of the board, which would investigate the full environmental impact of the proposed mill, but that certain steps were needed "in the interests of transparency and sound decision-making"

These included.

- The terms of reference of the board should be agreed to by stakeholders before any appointments were made
- The terms of reference should include commissioning and reviewing a strategic environmental assessment of the greater Saldanha-Vredenburg area
- A process had to be established so that board members were acceptable to all stakeholder groups

"A precedent for such a process has already been set in the establishment of the review panel involved in the St Lucia issue"

In another development, the World Wide Fund for Nature South Africa (WWF SA) is expected to release a statement later today, softening its opposition to the siting of the mill at Yzervarkensrug, two kilometres inland of Portnet's general cargo quay

After a site visit on Friday, WWF SA chief executive John Hanks said his organisation had been "very concerned" about the proposed steel plant as it had invested R17 million on land for the West Coast National Park

"There is an enormous responsibility on us to ensure that if this development goes ahead, it won't impact on the park or the lagoon, a Ramsar site

"From what I've seen and heard, I'm satisfied that controls to minimise pollution are very satisfactory"

The argument that the area's "sense of place" would be damaged was not valid because the proposed plant would be barely visible from the park or the Ramsar site, Dr Hanks said "So it's very difficult for WWF SA to object"

But it would be important to ensure secondary industry was channelled inland cussed by Inkatha ... and provincial MPs.

The resolution complained about central government's failure to assign to provinces powers related to land affairs, water, forestry, certain aspects of trade and commerce, consumer protection, education, provincial public media, gambling, lotteries, provincial public service, regional planning and development

The national council endorsed Mdlalose's decision to withdraw from the intergovernmental forum. However, it was un-

Buthelezi said there ... gress in efforts to break the deadlock over international mediation, and the exchange of constitutional documents with the ANC was a "farce" as Inkatha had made comprehensive submissions to the Constitutional Assembly which were available to ANC secretary-general Cyril Ramaphosa.

Jiyane said if there were to be future talks with the ANC on the issue, these would focus solely on the implementation of the mediation agreement.

Police respond to Inkatha threat

Ingrid Salgado

POLICE would be deployed in taxi ranks and bus and train stations to curb possible violence threatened by Inkatha Freedom Party members in Gauteng, the province's safety and security MEC Jessie Duarte said yesterday.

Duarte, speaking after meetings with premier Tokyo Sexwale and Gauteng police commissioner Sharma Maharaj, said she could not say how many police would be involved.

This followed the Inkatha Vaal Triangle branch's threat at the weekend that Gauteng would become ungovernable if President Nelson Mandela was not arrested in connection with the deaths of 11 Inkatha marchers outside the ANC's Shell House headquarters last year

Sexwale would meet Inkatha's Gauteng leadership today to discuss the matter, Duarte said.

Farouk Chothia reports that Inkatha secretary general Ziba Jiyane said Inkatha's Gauteng leadership would establish a disciplinary committee to censure Youth Brigade leaders.

Jiyane said *agents provocateurs* were behind the statements and some members misunderstood the autonomy that was given to the Youth Brigade under Inkatha's new constitution. He described Inkatha deputy secretary-general Zakhele Khumalo, arrested last week on 13 counts of murder, as a hero.

Inkatha leader Mangosuthu Buthelezi said he was not shocked by the arrest as the Investigation Task Unit, whose investigation led to the arrests, was established to "demolish" him.

Khumalo was also former private secretary to Buthelezi.

Inkatha member Peter Msane was arrested on Friday in connection with the 13 killings in KwaMakhutha on the KwaZulu/Natal south coast in January 1987

Sapa-Reuter reports that Msane was released on R2 000 bail.

Msane was among 200 Inkatha members trained by the SA Defence Force in the Caprivi Strip in 1987 He was said to be close to Inkatha Gauteng deputy leader Themba Khoza.

Ministers tussle over Saldanha

Adrian Hadland (189A) 20/12/6/95

CAPE TOWN — A ministerial tussle is developing over which member of Cabinet has ultimate responsibility for Iscor's proposed Saldanha steel project.

Water Affairs Minister Kader Asmal, who visited the site on Friday, was adamant the project was a water-related matter, and therefore within his ambit.

The huge water demands of the proposed mill, together with the possible impact of the project on groundwater in the area were clear indications that water affairs had a superior claim to the matter, Asmal said in an interview.

However, a spokesman for Environment Affairs Minister Dawie de Villiers said the minister, who appointed a board of inquiry to investigate the project last week, definitely had "the overriding capacity" on the issue.

At provincial level, Western Cape NP MEC Lampie Fick, currently involved in a court case concerning the rezoning of the land, and Kobus Meiring are the responsible ministers.

It is believed both back the project due to its capacity to stimulate job creation and the regional economy.

De Villiers is believed to be under pressure from his party and Afrikaans business leaders in the Saldanha area to facilitate government approval, while Trade and Industry Minister Trevor Manuel is also understood to favour the mill.

The National Parks Board, which falls under De Villiers's portfolio, has indicated its opposition.

The ANC, noting fierce public opinions on the issue, appears to have adopted a circumspect attitude and wants a more thorough environmental assessment.

The environmental affairs department, meanwhile, was going through a list of about 15 people at the weekend to see who was available to chair the board of inquiry into the project.

Court bans the caning of juveniles

BD 12/6/95

Susan Russell (252)

THE Constitutional Court has abolished the practise of caning juvenile males for criminal offences, holding it to be a cruel, inhuman and degrading punishment, in a judgment handed down on Friday.

Judge P Langa, with the unanimous concurrence of the other 10 judges, granted an order declaring juvenile caning invalid on the grounds that it was in violation of the fundamental rights to protect one's dignity and protection against "cruel, inhuman or degrading punishment".

The issue was referred to the Constitutional Court by a full bench of the Cape provincial division of the Supreme Court where the question of constitutionality arose in five different cases involving six juveniles. The five cases were consolidated as one for the purposes of argument before the court

The law still allows caning as a punishment for adult males between the ages of 21 and 30.

Langa said where juveniles were concerned, no minimum age was fixed in the Criminal Procedure Act, although practice and judicial decisions would seem to have fixed the lower age limit at nine.

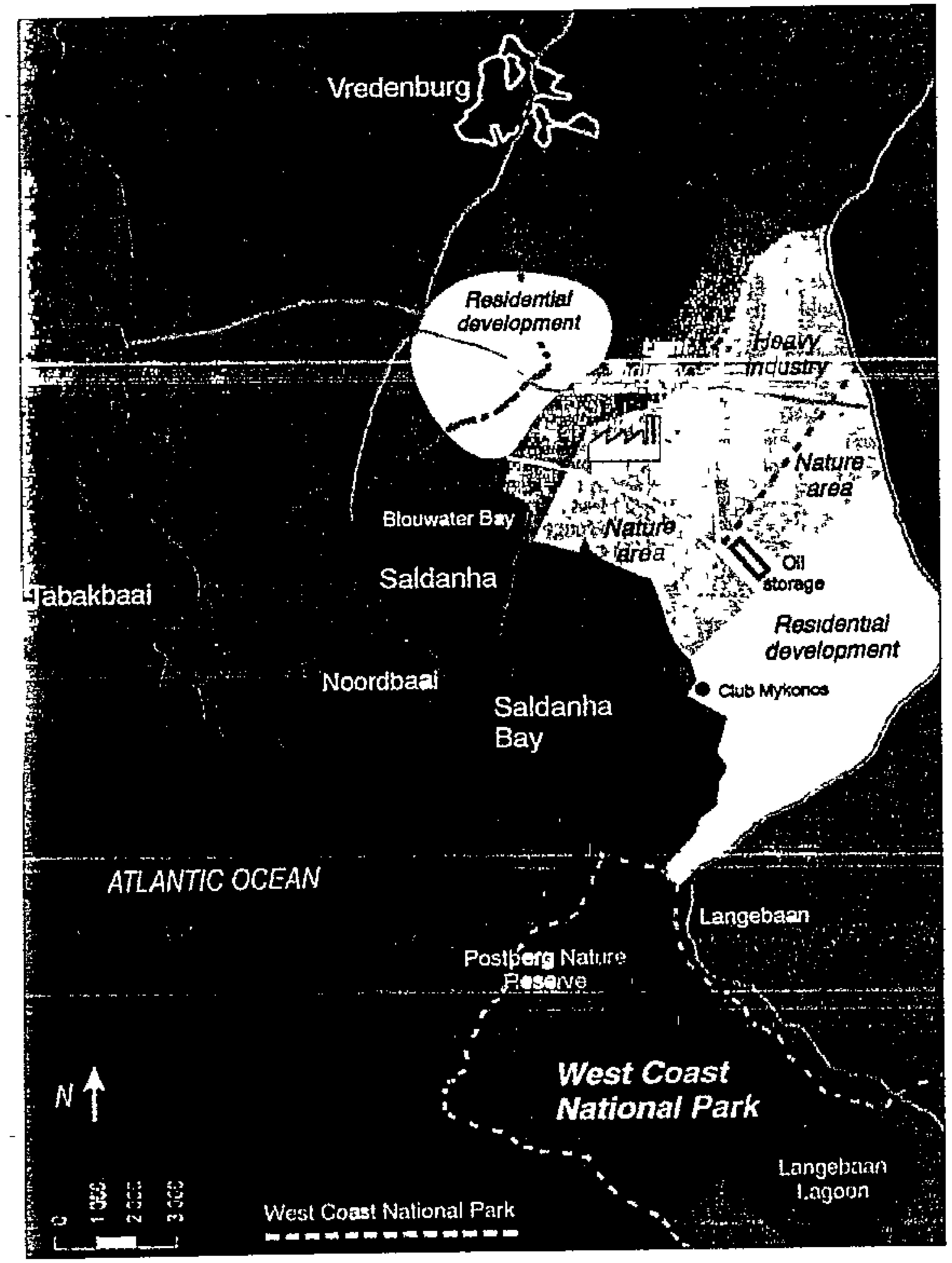
In determining whether a punishment was cruel, inhuman or degrading, the punishment in question had to be assessed in the light of the underlying values

"There is unmistakably a growing consensus in the international community that judicial whipping, involving as it does the deliberate infliction of physical pain on the accused, offends society's notions of decency and is a direct invasion of the right which every person has to human dignity," Langa said.

APPOINTMENTS 'CAUSED DISQUIET'

Steelmill probe under fire

(189A)
CT 13/6/95



STEEL MILL SITE: The revised plan for the Saldanha region showing the siting of the proposed steel mill

THE WESTERN CAPE government seems set to go ahead with the rezoning of the site at Saldanha despite objections

ENVIRONMENT AFFAIRS Minister Dr Dawie de Villiers has come under a blistering attack from the parliamentary Environment Affairs Committee for his handling of appointments to the board of inquiry to probe the controversial R4 8 billion steel mill near the Langebaan lagoon

The ANC's Mr Peter Mokaba, chairman of the Environmental Affairs select committee, slammed the handling of the board of inquiry appointments which he said had caused a "great deal of disquiet"

Backed by Earthlife Africa and the Wildlife Society of Southern Africa, Mr Mokaba called for the terms of reference of the board of inquiry constituted by Dr De Villiers to be agreed upon by all stakeholders before any appointments were made

He also called on the minister to halt the proposed rezoning of land for the Saldanha Steel mill until the results of the inquiry were made known

"We cannot afford either a conditional rezoning or approval which will give the impression that the government has already formed an opinion and has taken sides on the matter and thus render the investigation into mere posturing instead of a serious attempt to resolve the issue," Mr Mokaba said in a letter to the minister

The board ran into controversy last week when the newly-appointed chairman Dr Antonie Gildenhuys recused himself on discovering that his former law firm represented Iscor on the steel mill project

Dr De Villiers declined to comment His spokesman said "We are still receiving nominations for the board and are actively looking for candidates We hope to have an announcement on new appointments in the next few days "

Earthlife Africa said if the public were to believe the minister was acting in good faith, the rezoning process should be stopped until the board had heard representations from all interested parties

The Wildlife Society called for board members to be acceptable to all interested parties, to be completely independent of Iscor and to review a strategic environmental assessment of the greater Saldanha Vredenburg area.

A source close to green organisations said an alliance of green activists and progressive organisations would be constituted this week to fight the proposed steel mill on economic rather than on environmental grounds

Meanwhile Western Cape Agriculture Minister Mr Lampie Fick has set the scene for a provincial rezoning decision on the mill site before Environmental Affairs' official probe has completed its work.

Mr Fick confirmed yesterday that he intended fighting an urgent interdict — now postponed to June 21 — asking for the rezoning decision to be stayed until the board had completed its task.

The application for the rezoning of the site two kilometres from the lagoon shore, from agricultural to industrial use is a provincial decision and rests with Mr Fick.

Mr Fick agreed it was "most improbable" that Dr De Villiers' new board would complete what is to be an exhaustive and hi-profile inquiry by June 21

Conditions

The controversy has embarrassed Western Cape Finance Minister, Mr Kobus Meiring, who had said he was confident there would be no rezoning until the board had completed its work.

A spokesman for Mr Meiring yesterday said he had no comment.

The World Wide Fund for Nature South Africa (WWF) has spelt out strict environmental conditions under which the organisation would not oppose the mill and has called on Saldanha Steel to commit itself officially to meeting these conditions

WWF chief executive Dr John Hanks said he was extremely concerned about the potential threat caused by increased shipping in Saldanha Bay — this could pose a greater threat than the mill itself

Precautionary measures to prevent spillages and disasters needed to be considered as part of Saldanha Steel's overall operation, he said He was "deeply concerned" about perceptions which had been created, mainly in political circles, that the proposed steel mill would solve unemployment and poverty in the area, and said there was a danger of large numbers of workseekers moving into the region and competing with the local population for jobs

"Continued joblessness and increasing criminality are likely to remain and the resulting poverty in itself represent a significant environmental threat."

Dr Hanks recommended that the strip of land along the edge of Bluewater Bay, zoned for industrial development, be declared a nature area. — Staff Reporters

Delay in Saldanha Steel 'worries foreign capital'

CT (BR) 13/6/95 (189A)

By Derek Tommey

The delay by the government in giving the Saldanha Steel project the go-ahead was sending bad signals to overseas investors, Carel van der Merwe, the managing director of the Industrial Development Corporation (IDC), said yesterday

Saldanha Steel is a joint project by the IDC and Iscor The project involves a total investment of R4,7 billion, and when completed in 1998, will export about 1,5 million tons of steel every year

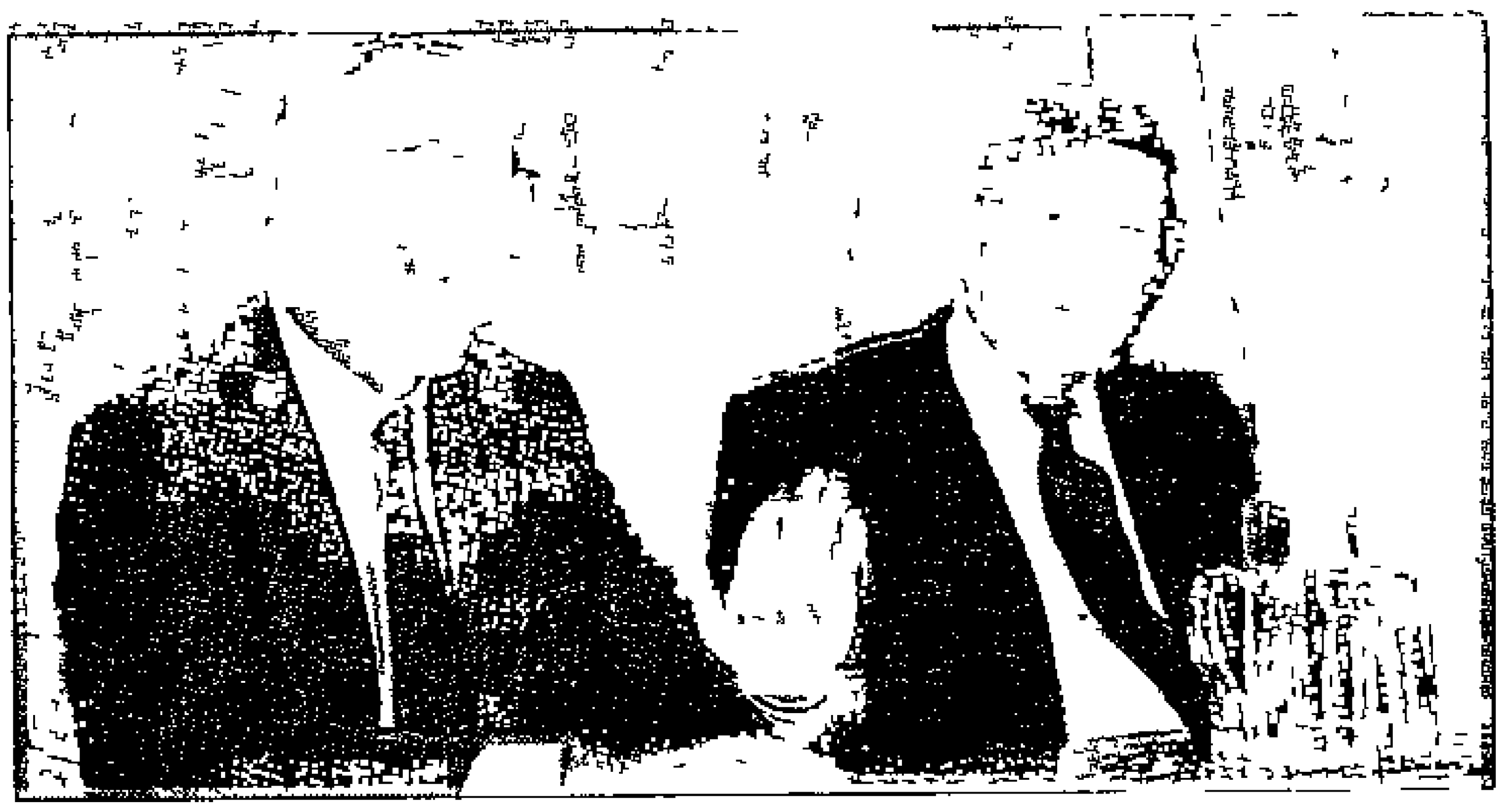
Van der Merwe said Saldanha Steel had met all the legal requirements and every regulation, but there was still uncertainty hanging over it Foreign investors wanted to know what was happening

Bernard Smith, executive chairman of Saldanha Steel, said he was concerned by the appointment by Dawie de Villiers, the environment minister of a further committee to evaluate the plant, possible secondary industrial development and its impact on the environment

Construction had not yet started and further delay could jeopardise the project and even terminate it

Smith also said that a proposed interdict calling on the government to appoint a committee headed by a judge to investigate the possible environmental impact of Saldanha Steel and of possible secondary industries should be vigorously resisted

Smith said a thorough environmental impact assessment to international standards, and not to the less stringent local standards, was executed as part of the project's feasibility study



WAITING *Hans Smith, managing director and chief executive officer of Iscor (left) and Bernard Smith, executive chairman of Saldanha Steel*

PHOTO JOHN WOODROOF

THE CAPE

Sea disasters a 'bigger threat to West Coast than steel mill'

ARG 13/6/95

(189A)

Environmentalists approve plant site

Environment Reporter

INCREASED shipping poses a greater threat to Saldanha Bay and Langebaan Lagoon than Iscor's proposed steel mill, and precautionary meaures to prevent spillages and disasters in the bay must be considered as part of the mill's overall operations

Also, perceptions — mainly in political circles — that the steel plant and associated industries will solve inadequate work opportunities and the poverty problem in the area are cause for deep concern

These are among key points in an open letter to Saldanha Steel chairman Bernard Smith from John Hanks, chief executive of the World Wide Fund for Nature South Africa

Dr Hanks, who visited the site with Water Affairs Minister Kader Asmal and others at the invitation of Iscor last week, said his organisation would not oppose Iscor's rezoning application for its Yzervarkensrug property for the proposed mill, subject to certain strict conditions

We believe that, providing major precautionary measures are rigorously applied, provided environmental monitoring and auditing is carried out on an ongoing basis, and provided strong and legally enforceable measures are immediately taken if environmentally detrimental effect from any component of the entire industrial growth node become evident, Saldanha Steel's application for rezoning can be given approval "

But the environmental monitoring and auditing should not be left in the hands of the industry itself

WWF SA was "extremely concerned" about the potential threats to Saldanha Bay and Langebaan Lagoon from increased shipping and ships lying at anchorage in the bay, said Dr Hanks

"This threat is likely to be greater than that of the steel mill itself

"This problem needs to be addressed immediately, especially in the light of international concerns about the safety of the Ramsar (Convention) site — that is, the southern portion of Langebaan Lagoon

'As Saldanha Steel requires intensification of shipping in Saldanha Bay, precuationary measures to prevent spillages and disasters need to be considered as part of their overall operation "

The environmental organisation remained deeply concerned about perceptions that the proposed mill would solve unemployment and poverty probelms

'The danger of large numbers of workseekers moving into the region and competing with the local population for jobs must be recognised

"Continuing joblessness and increasing criminality are likely to remain and the resulting poverty in itself represents a significant environmental threat," said Dr Hanks

WWF SA welcomed Saldanha Steel's positive reaction to its (WWF s) proposal that downstream and secondary industry should be developed inland of the Yzervarkensrug site, rather than on land zoned for industrial deve[illegible]nent along the coastal s[illegible] at Bluewater Bay, said Dr H[illegible]ks.

They st[illegible]gly recommended this land be declared a nature reserve, extending the existing declared nature area to the east as a buffer strip.

Tourist-orientated facilities here could include an information centre and an educational trail with the theme "Industrial development and environmental conservation side by side — can it be done?"

"Consideration should given to placing this entire buffer strip/nature area under the auspices of WWF to allay suspicions about its future protection by an environmentally conscious and concerned public said Dr Hanks

Iscor warns on delay at Saldanha

Marcia Klein (1894)

ISCOR regarded the establishment of the R3,6bn joint venture steel mill in Saldanha Bay as its favoured project, but warned it would "walk away" if this was necessary.

Iscor MD Hans Smith said at a news conference yesterday the mill — a joint venture with the Industrial Development Corporation (IDC) — was "not the only project Iscor has on the table" and if there was a serious delay Iscor might have to reconsider its involvement.

Iscor and the IDC said they believed the mill's establishment was in the national interest and they were "quietly confident" it would be given the go ahead. However, further delays "could jeopardise the project" and Iscor was "concerned about its participation".

They said yesterday the project would generate about R1,6bn to R1,8bn in foreign exchange a year, would create 600 jobs directly and would generate capital spending of R4,7bn escalated over the period of the project. The project would use about R100m a year in coal supplies.

Iscor and the IDC said the project, under evaluation by a government-appointed committee following complaints about its effect on the environment, would suffer if there were delays in its launch.

The project is on hold pending the outcome of an evaluation by the committee

BD 13/6/95 Continued on Page 2.

Saldanha

(1894) BD 13/6/95

Continued from Page 1

into its environmental impact. Saldanha Steel executive chairman Bernard Smith said they awaiting the appointment of a committee chairman, and rezoning of the area for industrial use.

Iscor's Smith said the project would come on stream in 1998 as the international commodity cycle turned down. Any delay would bring it further into the downturn, with lower realisations for steel.

He would not comment further on the nature of the other projects, other than to say Iscor had said it was in a growth mode.

Saldanha's Smith said delays would lead to increased costs. The project team was in place and was carrying out technical and other studies. Saldanha was currently spending about R5m a month.

He said environmental impact studies "were done thoroughly and in much more detail than required legally We have filled all the legal requirements... "

Steel plant is 'in national interest'

ARGT 14/6/95 (189A)

Environment Reporter

FURTHER delays in approving Iscor's proposed steel plant at Saldanha Bay could jeopardise the entire project and have a "knock-on" effect on potential investors' confidence in South Africa

Therefore, the Supreme Court application for an interdict delaying approval for the plant until a board of inquiry constituted in terms of the Environment Conservation Act has investigated the issue, should be "vigorously resisted"

So says Saldanha Steel Project executive chairman Bernard Smith, who claims the new plant is "unquestioningly" in the national interest

Public statements and communication with concerned bodies such as the National Parks Board and the World Wide Fund for Nature South Africa had been studied in detail, Mr Smith said in a statement

"We accept and are committed to meeting their requirements for remaining on the preferred site"

The steel project had been designed to ensure that regional environmental standards would not be adversely affected

"There is very great concern about the impact of, and pollution from, secondary or downstream industry attracted to the area by the steel plant

"This can and should be controlled by appropriate land use regulations, by the appointment of monitoring committees, and by commitment to and participation in self-regulation by local industry," Mr Smith said

Environmental Affairs Minister Dawie de Villiers had now appointed a board of inquiry to evaluate Saldanha Steel and possible secondary industrial development and their impact on the environment

"We are concerned because the construction of facilities has not commenced and any further delay will, due to increases in the South African inflation rate, result in the escalation of the capital cost," Mr Smith said

"This, in turn, could jeopardise this project and perhaps even terminate it, and will inevitably have a knock-on effect on other potential investors' consideration of the area and, indeed, South Africa"

Saldanha Steel believed its environmental impact studies had been done thoroughly and in much more detail than was legally required, Mr Smith said

"No detrimental issues were identified, and all the other issues can be negated with the aid of pre-conditions as defined by (environmental consultant) Dr Raimondo, the World Wide Fund for Nature, the National Parks Board and others

"In our view, Saldanha Steel and related industrial activities will not in fact jeopardise tourism or the fishing industry, in fact, a better developed infrastructure could support and promote both these activities

"What is very clear is that pristine wildlife areas can only be protected or sustained if adequate life-sustaining commercial and job opportunities are available to people living adjacent to these areas," Mr Smith said

Production begins at Alusaf's Hillside plant

BD 14/6/95 (189A)

Marcia Klein

ALUSAF starts production at its Hillside aluminium smelter today, although construction is incomplete

MD Rob Barbour said despite labour unrest, the official start-up was five months ahead of schedule and R1,3bn under the R6,4bn budget

Construction on the 466 000-tons-a-year smelter was more than 90% complete despite almost 40 000 lost man hours A quarter of the 576 reduction pots had power flowing through them and were ready for operation

The first casting unit was operational, and reduction pots would be progressively commissioned at a rate of about 12 a week until Hillside reached its full capacity of about 1 270 tons a day

This, together with the Bayside smelter's capacity of 170 000 tons a year, would see Alusaf produce 636 000 tons a year when it was fully operational and would place it among the top 10 producers

Alusaf's first of two paste plants and the first of two carbon bake furnaces have been put into production

The liquid pitch storage facilities in the Richards Bay harbour are in use and coke and alumina have been received from two sources

Barbour said recently that unrest, which began after 5 000 construction workers had demanded permanent jobs, cost more than R10m

The unrest had delayed production by a few weeks, but no long-term metal sales would be affected.

Alusaf is essentially out of aluminium in the near term after having secured contracts for the medium and long term

Hillside, which is, the largest investment undertaken by private enterprise in SA, is scheduled to reach full capacity by mid-1996.

Shareholders include Gencor and the Industrial Development Corporation

Sishen wants Iscor plant

(1897) (???) 20 14/6/95

Sello Motlhabakwe

THE Northern Cape government yesterday said the province was best equipped to accommodate Iscor's proposed, and much debated, R3,6bn steel plant

Northern Cape economic affairs MEC Goolam Akharwaray said the province had made several representations to Iscor on the viability of establishing its plant in Sishen about 3 000km from the regional capital, Kimberley

He said he could not understand why no attention had been paid to the province's argument, particularly as the mineral and raw material inputs to the plant were immediately available in the province — except coal

Several minerals were mined in the Sishen area, including iron ore, manganese, burnt dolomite and burnt lime, which were all used in steel production

Akharwaray said the establishment of the steel mill in Sishen would immediately generate 3 000-4 000 jobs in its start-up stages and encourage the establishment of downstream industries once the plant reached full production

The province was badly in need of job creation opportunities as unemployment currently stood at about 38% and the population under the million mark Agriculture and mining were the main economic activities, with almost no beneficiation

The social impact of the mill in that region would include the generation of profit and the stabilisation of communities by revitalising the region's economy.

● Comment: Page 12

Alusaf opens project

Star 15/6/95 (189A)

BY LLEWELLYN JONES

Alusaf officially launched production at its R6-billionn Hillside Smelter in Richards Bay yesterday.

Chairman Fred Roux praised the foresight of Alusaf's principal shareholders, Gencor and the IDC, who pressed ahead with the project at a difficult time in 1993.

"SA was in a severe recession, investor confidence was low and the aluminium price continued to slide into a seemingly bottomless trough," he said.

Since then the Memorandum of Understanding between Australia, Canada, Russsia, the US and Norway to eliminate the overhang of about three to four billion tons of aluminium in world markets saw the aluminium price recover to $2 000 per ton at the beginning of this year.

The metal has since slipped back, and is currently trading at around $1750 per ton.

Although a figure of $1650 per ton was used for the feasibility study Roux said the project was never dependent on correctly forecasting the aluminium price

"The project was predicated on Hillside being constructed on time and within budget, and being world competitive."

He said the project had come in about 20%, or R1,25-billion under budget and attributed this to the fortuitous timing, cut price competition for Hillside contracts and good management.

MD Rob Barbour said construction was more than 90% complete and about 144 of the 576 reduction pots were ready for operation

The pots would be commisioned at an average of 12 per week until capacity of around 1 270 tons per day was reached

He said production was virtually "sold out" with about 91% accounted for over the next four years.

The plant would employ 1 100 permanent staff menbers, 800 of whom had already been employed and where undergoing rigorous training

"This project is, I believe, magnificently successful It is the world's largest greenfield smelter."

Steel pay hike offer rejected

CT 15/6/95

The National Union of Metalworkers of SA rejected engineering employers' 10% wage hike offer yesterday and threatened to lead its 120 000 members in a strike

Secretary-general Mr Enoch Godongwana said the offer by the Steel and Engineering Industries Federation of SA was "irrelevant" to the issues the union had tried to address, which included narrowing the "apartheid wage gap"

(189A) (~~355~~)

Saldanha: Hope that probe will cool emotions

(189A)

ARG 15/6/95

☐ *Minister appoints Judge Jan Steyn chairman*

TYRONE SEALE
Political Staff

ENVIRONMENTAL Affairs Minister Dawie de Villiers says he hopes the appointment of a board of inquiry into the proposed Saldanha steel plant will help cool emotions on the issue.

He announced yesterday that former Supreme Court judge and former Independent Development Trust chief executive Jan Steyn had been appointed as chairman of the board

The board, announced by Dr De Villiers last week, is constituted in terms of Section 15 of the Environment Conservation Act

Other members are Richard Fuggle, head of the department of environmental and geographical science at the University of Cape Town, and Rufus Maruma, international environmental consultant and environmental adviser to Northern Transvaal premier Ngoako Ramathlodi

Judge Steyn replaces Antoni Gildenhuys, who withdrew after it emerged that without his knowledge, a law firm for which he used to work and for which he currently acts as a consultant, was appearing for Iscor in the steel plant matter

Dr De Villiers said yesterday the board would begin evaluating existing evidence and, where necessary, inviting new submissions, as soon as Judge Steyn returned from Europe on June 25.

He said there had been criticism that organisations should have been asked to nominate candidates for appointment to the board, but experience had shown this usually led to the nomination of people supporting a particular point of view

It was his responsibility to appoint a qualified board consisting of people who could objectively, sensitively and responsibly weigh up the facts

This procedure had been followed to ensure the independence and objectivity of the board, and carried the blessing of various organisations with interests in the Saldanha debate as well as the parliamentary portfolio committee on environmental affairs and tourism

While the inquiry was under way, any work undertaken by Iscor at the proposed site would be done "at their own risk"

Dr De Villiers said the debate had to date been "very emotional"

It was hoped the board of inquiry would reduce the emotional content while increasing objective discussion on the merits of the various viewpoints

"There's clearly too much at stake in terms of development, job creation and economic growth on the one hand, and the protection of our very fragile, valuable environment on the other," said Dr De Villiers

Richards Bay smelter open for business ahead of time

Nicola Jenvey (189A) BD 15/6/95

RICHARDS BAY — Alusaf's Hillside aluminium smelter began production yesterday, five months ahead of schedule and 20% under budget, despite recent labour unrest which saw nearly 40 000 man hours lost.

Officially opening the R5,14bn plant, Alusaf chairman Fred Roux said construction was more than 90% complete with 25% of the 576 reduction pots ready for operation.

The first casting unit had been commissioned and the first pots would be started "within a few days, hopefully on Saturday"

Roux said the company's management had up to R3m to spend in meeting the "urgent needs" of the people within the Mhlatuze region

The funds could be used for building a community facility to link up with the Richards Bay RDP resource centre for which Alusaf had contributed 2 500m² of office space, he said

"This initiative is part of an overall strategy to deliver skills training and health care at grassroots level in the rural areas, while creating opportunities for entrepreneurs to develop small businesses and employment for local people."

ENVIRONMENT (189A)

Grist to the mill

FM 16/6/95

Government is coming under increasing pressure to give the green light to the new steel mill at Saldanha on the Cape west coast.

Iscor, which had hoped to start construction this month, has warned that further delays could threaten the project's feasibility And it was reported this week that the World Wildlife Fund for Nature SA is now satisfied that Iscor will amend its plans to meet the fund's earlier objections.

But last week Environmental Affairs Minister Dawie de Villiers appointed a board of inquiry to examine environmental impact studies of the project's influence on the ecologically sensitive Langebaan lagoon Water Affairs & Forestry Minister Kader Asmal and Cape provincial planning MEC Lampie Fick will decide only next month whether to approve the project

Objectors to the mill include owners of exclusive beach properties at Langebaan and hard-core environmental groups such as Earthlife Africa Those in favour include the economically depressed communities of Saldanha and Vredenburg which see the project as a lifeline to jobs and growth

Iscor says the plant will be built to the highest possible environmental projection standards It will also be far more aesthetically acceptable than traditional steel mills such as Iscor's Pretoria West plant

The new mill will export its total production and earn about R1,6bn a year in foreign currency It will use the existing harbour for exports of iron ore

The handling of the controversial issue will be an important test for government The ANC caucus includes a powerful environmentalist lobby but its demands will need to be weighed carefully against the need to create jobs and earn foreign exchange through exports of beneficiated raw materials. ■

Steel mill: Move to stop rezoning

CT 16/6/95

189A

DAN SIMON
STAFF REPORTER

A CIVIL suit was launched in the Cape Supreme Court yesterday to oppose any possible move by the government to rezone a stretch of land for Iscor's new steel mill at Saldanha Bay until an appointed board of inquiry has completed its investigations

The action was brought by Mr Alastair van Huyssteen, Mr Hendrik Venter and Mr Johannes Coetzee, acting as trustees of the Witteddrif community, against the Minister of Environment Affairs and Tourism Dr Dawie De Villiers and seven other respondents, including provincial minister of Agriculture, Planning and Tourism Mr Lampie Fick

Mr Dave de Villiers, QC, told the court that what was at stake was the contention by Western Cape Premier Mr Hernus Kriel and Mr Fick that they did not feel obligated to wait for the board's findings in order to rezone the proposed site.

"We say we cannot have fairness in this matter until the commission has completed its job," Mr De Villiers said.

Mr G D Van Schalkwyk, for Mr De Villiers, Mr Kriel and Mr Fick, contended that the board of inquiry called by Mr De Villiers was an "advisory body"

"The only purpose of the board is to assist the minister," Mr Van Schalkwyk said.

The court is expected to issue a judgment next week.

Board 'can review whole Saldanha plan'

CT 16/6/95 (189A)

MELANIE GOSLING
STAFF REPORTER

THE Department of Environment board of investigation set up this week to probe Iscor's controversial steel mill plan near Langebaan Lagoon will be able to review the planning guidelines for the entire Saldanha region

Professor Richard Fuggle of UCT's department of environmental and geographical science, who has been appointed to the board, said yesterday "The real issue is whether adequate attention has been given by various levels of government to the implications of development at Saldanha Bay. The issues raised by many non-governmental organisations (NGOs) concern the possibility of further development in the area if Iscor's steel mill is built there With the board set up, the planning guidelines for the area can be reviewed"

He said the board would hear evidence for and against the siting of the steel mill, and both sides would have to justify their standpoints

Asked to comment on statements by some environmental NGOs that he should recuse himself from the board because he served on the Council for the Environment sub-committee that approved the CSIR's environmental impact assessment of the steel mill, Prof Fuggle said: "We had a very specific brief from the minister which was to tell him, within a few days, whether the CSIR report had followed the requirements of integrated environmental management That was all.

"The terms of reference for the board of investigation are very different and far broader and are reviewing the entire issue"

Saldanha Iscor: Trust asks court for interdict

(189A)

Supreme Court Reporter

LEGAL argument has started in the Supreme Court in an application brought by a trust to interdict the authorities over the controversial proposed steel mill at Saldanha

The Wittedrift Trust, which owns property on the Langebaan lagoon, is bringing the application against, among others, Minister of Environment Affairs and Tourism Dawie de Villiers, regional Minister of Agriculture Lampie Fick and Iscor

ARG 16/6/95

The trust is seeking a court order forcing the Minister to appoint a board to investigate the proposed mill and its effect of the surrounding area

It is also seeking an order preventing the rezoning of the land until the board has completed its report

The Minister, the Western Cape Premier and Dr Fick have given an undertaking not to rezone the land before June 21

During proceedings yesterday the presiding judge, Mr Justice Farlam, warned all the litigants about what they had been saying in the media about the mill

He reminded them of the *sub judice* law and said the court would not hesitate to use the contempt of court rules

Argument is expected to continue until next week

High costs put Sishen furnace out of reach

(189A) ST(BT) 18/6/95

By JULIE WALKER

IT is more economical to transport iron ore 861km from Iscor's Sishen mine to Saldanha Bay than it is to haul far fewer tons of finished steel the same distance.

This is the reason why Iscor cannot consider building a steel plant at Sishen Hans Smith, managing director of the nation's biggest steel-making and mining group, says finished steel has to be protected during transportation whereas iron ore can simply be loaded into railtrucks and tipped out through automation

"Obviously we have looked at the feasibility of putting the plant at Sishen but the transport factor makes it uneconomic.

"People are always quick to criticise Transnet for high rail costs but there is no way that steel on palletes can be loaded and unloaded fast enough or carefully enough to compete with the cost of railing ore.

"Furthermore, iron ore is not the only raw material — coal and imported iron-ore pellets also have to be transported to the plant site. It would cost an extra R400-million to bring an adequate electricity supply to Sishen whereas Saldanha already has infrastructure."

Mr Smith defends Saldanha as the proposed site for the new plant in the face of potential legal action. A Cape Town attorney on Thursday served an interdict against two government ministers, Dawie de Villiers and Hernus Kriel, because they granted permission for the Saldanha site to be rezoned for industrial development.

The interdict is also directed towards the appointment of an investigating committee, chaired by judge Jan Steyn, to investigate the environmental impact of Saldanha Steel and secondary industries. The inquiry will begin on June 25. The interdict will be opposed by Saldanha Steel

Iscor's management team is concerned about further delays in winning approval for Saldanha's proposed 2,5-million-ton-a-year export steel plant.

It is anxious to start on time because it forecasts a downturn in the steel price cycle to commence about a year after its commissioning. If it misses better prices for its initial production, the viability of the project will be reduced. Delays will also escalate the capital cost because of the country's inflationary environment.

Bernard Smith, Saldanha Steel's executive chairman and former Gencor director, said this week the company would begin geological tests at the proposed site on June 26

"In view of the recent debate on the Saldanha Steel project, we wish to stress that the activity which may be observed on site shortly will be of a purely investigative and information-gathering nature."

The company said it had informed Water Affairs Minister Kader Asmal, Deputy Minister of Tourism and Environment Affairs Bantu Holomisa and members of the Cape regional parliament.

It said the tests could continue until the end of the year.

Iscor says the environmental impact assessment (EIA) undertaken by the Council for Scientific and Industrial Research proved there would not be significant pollution to water, land and air.

Opposing parties say the study was incomplete, based on the original plant size of only half the current proposal, and that it made no assessment of the environmental effects of secondary development.

Iscor says such secondary development is impossible to define in advance and should be controlled through specific zoning regulations and permits for each instance.

Hans Smith says Iscor is committed to meeting the requirements of concerned bodies such as the World Wildlife Fund, National Parks Board and others. The EIA was carried out to international standards which are more stringent than the domestic level

Iscor has switched the proposed method of cooling from a water system to air, which halves its water consumption to 8 000m³ a day — about 10% of the sustainable flow rate of the Berg River — but costs an extra R25-million in capital

It also proposes to recycle sewerage water pumped into the bay and clad buildings.

Saldanha Steel has agreed to establish a trust which will enter into a contract with the company. Its trustees will require Saldanha Steel to meet environmental benchmarks or face severe sanctions.

Iscor is a major landowner around Saldanha and will sell land only to purchasers who will meet strict environmental standards.

Saldanha Steel says it will generate up to R1,8-billion a year in foreign exchange, provide 600 direct and many more indirect jobs. It will generate capital spending of R4,7-billion over 30 months, 70% of which will be spent in South Africa

Hans Smith's other major concern is the impression other potential investors, particularly foreigners, will be receiving from the the delays.

● Smith forges ahead at Iscor — Newsmaker, back page.

Saldanha Steel to go on with geological tests

ARG 19/6/95 (189A)

Environment Reporter

SALDANHA Steel is to press ahead with further geological tests at the site of its proposed steel plant at Saldanha Bay.

The tests have the blessing of the Western Cape regional government which is still considering a rezoning application for the site, but Environmental Affairs Minister Dawie de Villiers has warned that any work done before full approval is at the steel manufacturer's own risk.

Dr De Villiers has appointed a board of inquiry in terms of the Environment Conservation Act, and has said he will ask cabinet for permission to prohibit the steel mill in terms of Section 31 of the Act if the inquiry finds it is undesirable

Saldanha Steel executive chairman Bernard Smith said geological tests will be made at the proposed steel works site from June 26.

"In view of the recent debate on the Saldanha steel project, we wish to stress that the activity which may be observed on-site soon will be of a purely investigative and information-gathering nature," Mr Smith said in a statement

The tests, which could continue until the end of the year, were to ensure a better definition of the project's construction procedures and costs

"The tests will involve gathering further information on soil, ground water and run-off conditions and will consist primarily of hole drilling, soil load bearing tests, ground water sampling and soil condition tests."

Contraception still a top health priority

ARG 19/6/95

CONTRACEPTION could be put on the backburner as the health system targets hot topics such as HIV, sexually transmitted diseases, pregnancy and child health as its priorities

This was a worrying phenomena, said Helen Rees, national chairwoman of the Planned Parenthood Association of South Africa

Speaking at the association's annual meeting, she said even a 20 percent increase in the use of contraception would reduce maternal ill-health and death

Contraception empowered women and improved the quality of their lives, she said

A third of all women admitted to hospital had moderate or severe complications from abortions or miscarriages Easy access to acceptable contraception would prevent many of these admissions

She said the priority for contraception in South Africa was to take existing services and expand them to include a whole range such as treatment of sexually transmitted diseases and screening for cancers. This is the trend internationally, she said

It was time to look at acceptable, safe and alternative ways of providing contraception, and get away from the medical model, which was a nurse in a clinic handing out pills. Clinics were often overloaded and contraception was a low priority. Healthy women wanting contr[illegible] were reluctant to queue fo[illegible] hours [illegible] get it.

One way of providing contraception, she said, was an outreach programme, where trained community health workers went from door to door, educating and counselling people and handing out pills and condoms

Community outreach pilot projects had been launched in the Cape in Khayelitsha and Worcester, and in Gauteng, she added

Quay extension: Impact on bird life to be probed

Environment Reporter (189A)

A BIRD specialist has been appointed to help the environmental team assessing Portnet's proposal to extend its general harbour quay at Saldanha Bay which will involve underwater blasting.

Portnet wants to extend the 250m quay — partly as a result of Iscor's proposed steel mill nearby — by at least another 250m and possibly as much as 500m

It also wants to enlarge the navigational channel to the quay so that several, bigger ships can be handled at the same time

The extension also involves a new turning area

ARG 19/6/95

An environmental impact assessment of the proposal is being managed by the Environmental Services branch of the Council for Scientific and Industrial Research (CSIR), assisted by a consultant company specialising in involving the public in such assessments

Geotechnical surveys had revealed that some blasting would be necessary to remove granitic material below the proposed navigation channel

These surveys should be complete by the end of June.

Also, a bird specialist had been appointed because of the need for blasting

"This specialist will be requested to assess the possible impact on birds and advise on mitigatory methods to minimise these impacts."

● For further information, contact Heather Campbell, ☎ 461-1118

CT 20/6/95

'Politicians will decide on mill'

~~(55)~~ (189A)

POLITICAL considerations would determine the final decision on the proposed Iscor steel mill at Saldanha Bay, and not the opinion of the board of inquiry, Senator Errol Moorcroft (DP) said yesterday

Chromecorp plans R335m expansion

CT(BR) 20/6/95 (189H)

BY CHARLOTTE MATHEWS
INVESTMENT EDITOR

The recently listed ferrochrome producer, Chromecorp, plans to spend R335 million on acquiring chrome ore reserves and establishing two additional furnaces at Rustenburg to bring its production up to 450 000 tons a year, the firm said yesterday

It is considering various funding alternatives for this sum

The two new furnaces are in addition to the two furnaces that Chromecorp recently said would be built to meet the contract awarded by Iscor Chromecorp and Iscor are in the process of finalising a supply agreement

The agreement with Iscor will see Chromecorp supply ferrochrome exclusively to Iscor's planned stainless steel operation in Pretoria

To meet this demand, Chromecorp will build two furnaces on site to produce 170 000 tons of ferrochrome a year

Chromecorp's worldwide commodity agents, Glencore International, said the additional production had been pre-committed through long-term contracts with international producers of stainless steel

Chromecorp wins major Iscor deal

(189A)

Marcia Klein

BD 20/6/95

NEWLY listed Chromecorp Holdings has been awarded the contract to supply ferrochrome to Iscor's Pretoria stainless steel works and will embark on a major capital expansion to more than double production to 610 000 tons

Chromecorp, which has a production capacity of 280 000 tons, will probably construct two furnaces at Iscor's Pretoria works site for a total annual ferrochrome requirement of 170 000 tons It will also increase capacity at its Rustenburg site by 160 000 tons to meet increased demand

Roy Essakow, metals director of Chromecorp's marketing agent Glencore International, said the increased production at Rustenburg had been pre-committed in medium-term contracts with international stainless steel producers

Chromecorp also announced it had entered into contracts where it had options to buy the mineral rights to an area with a potential 28-million tons of chromite ore to cover its raw materials requirements "for decades to come" It would spend an estimated R335m on two new furnaces at Rustenburg, the chrome ore reserves and the related infrastructures

Chromecorp directors said it was difficult to determine the capital cost of the Iscor expansion until details of the supply contract were finalised. Estimates of up to R300m have been bandied about

Daniel Sauter, CE of Chromecorp's Swiss-based holding company Sudelektra, said various funding options were being considered, including cash flow from operations, borrowing or a rights issue The

Continued on Page 2

Chromecorp

(189A) BD 20/6/95

Continued from Page 1

expansions were not likely to dilute earnings, he said. There would be a disproportionate revenue increase as fixed costs would be spread over increased tonnage.

Essakow said ferrochrome demand was strong, and would remain firm until at least the latter part of next year.

Iscor MD Hans Smith said Iscor had issued a letter of intent to Chromecorp to supply its ferrochrome needs Iscor had received tenders from potential suppliers, but Chromecorp "presented the most suitable solution" It was estimated that when the Pretoria works was on full production of about 40 000 tons a month, it would be using about 170 000 tons of liquid ferrochrome a year It would be producing stainless steel from mid-1996

Steel mill boss, govt call for impact study

(189A) (386) CT 22/6/95

THE government should establish an agency dedicated to making overall environmental impact studies of planned industrial developments, Saldanha Steel Mills chief executive officer Mr Bernard Smith and the House Environment Committee recommended yesterday

The environmental impact study commissioned had encompassed only the Saldanha steel mill site, and had not taken into account the effect of ancillary industrial development, he said

They had not been legally compelled to do the initial study, and felt that by so doing they had discharged their moral responsibilities, he said in response to criticism by environmental groups

Responding to allegations that the plant would do nothing for the local unemployment problem, he said there was no agreement between Saldanha Steel and the National Union of Metalworkers of South Africa to employ workers retrenched from Vanderbijlpark — Sapa

Saldanha: (189A) 'Jobs a vital factor'

ARG 22/6/95

Political Correspondent

JOB creation should be taken into account by the national assembly committee on the environment when recommending whether or not the Saldanha Steel project should go ahead.

This was urged by Saldanha Steel chief executive Bernard Smith, who told the committee: "There won't be pollution in terms of any real definition of pollution."

Six hundred permanent jobs would be created, local subcontractors would be used, 6 000 people would be employed during construction, and school pupils from the area would be selected for tertiary education towards being appointed to managerial posts in the plant.

The recruiting office would be opened in Cape Town to head off an influx of job-seekers to the Saldanha area.

Preference would be given to residents, and no-one from the scaled-down Vanderbijlpark steel plant would be given a job at Saldanha.

Mr Smith said he assumed the committee supported the premise that South Africa was in favour of private enterprise and not a centrally-planned economy.

In the private enterprise system, investors operated within legal frameworks that prevented excesses.

The creation of jobs was an end in itself.

The fact that there might be an influx of people looking for jobs was not a reason to prevent job creation.

Saldanha pollution 'inevitable'

BD 22/6/95 (189A)

Edward West

CAPE TOWN — Smoke, dust and noise would be inevitable at the proposed steel mill in Saldanha Bay, but levels would be below government specifications, Saldanha Steel CE Bernard Smith said yesterday

He addressed the parliamentary environment committee about issues raised in the outcry over Iscor and the Industrial Development Corporation's intention to establish the R4,6bn mill

He said waste water from the daily 2 000 litres used would be evaporated The waterborne trace elements cyanide and ammonia would dissipate into harmless compounds

All hazardous waste would be taken to a licensed waste disposal site inland, and an "enormous building" would be built over the development to contain dust and sound.

Virtually no gas would be burnt into the atmosphere

Regarding the effects on marine life of an expansion of the harbour, Smith said he was uncertain about the validity of claims that expansion in 1974 had devastated marine life. He was concerned because it was difficult to be objective about the issue, and "there could never be an end to such an evaluation"

It was possible Saldanha Steel "could scrape by" without expanding the harbour, but shareholders believed it needed to be expanded.

People in the area would be trained and employed at the plant and there was no agreement between Iscor, Numsa or Saldanha Steel that workers from the Vanderbijlpark plant, which was being down-sized, would be employed at Saldanha.

Iscor says 'you ain't seen nothing yet'

(189A) BD 22/6/95

HILARY JOFFE

ISCOR has changed dramatically over the past 18 months but will change even more drastically in the next 18 months. That is the word from MD Hans Smith, who is confident that management's plans will change the corporation irreversibly, and prove that the recent striking improvements in its balance sheet and its profit were not just a "flash in the pan"

The process could start with Iscor's 1 200-person Pretoria head office, which will probably house substantially fewer people by this time next year The corporation has appointed the US McKinsey Group to assist it in implementing its philosophy of decentralised management. Action plans should be in place for all departments by the end of July and full implementation of the plans is due by end-June 1996

Iscor's highly centralised structure is, perhaps, the prime legacy of the corporation's parastatal years. A customer in Durban wanting to place an order for delivery from Iscor's Newcastle plant, for example, has to phone Pretoria and, moreover, to deal with several different people along the way Lines of responsibility are incoherent, inefficiency is endemic and customers and suppliers are irritated.

Under Smith, dispute resolution with customers is down to an average seven days, from the 30 days it used to take on occasion — but the international benchmark is 24 hours.

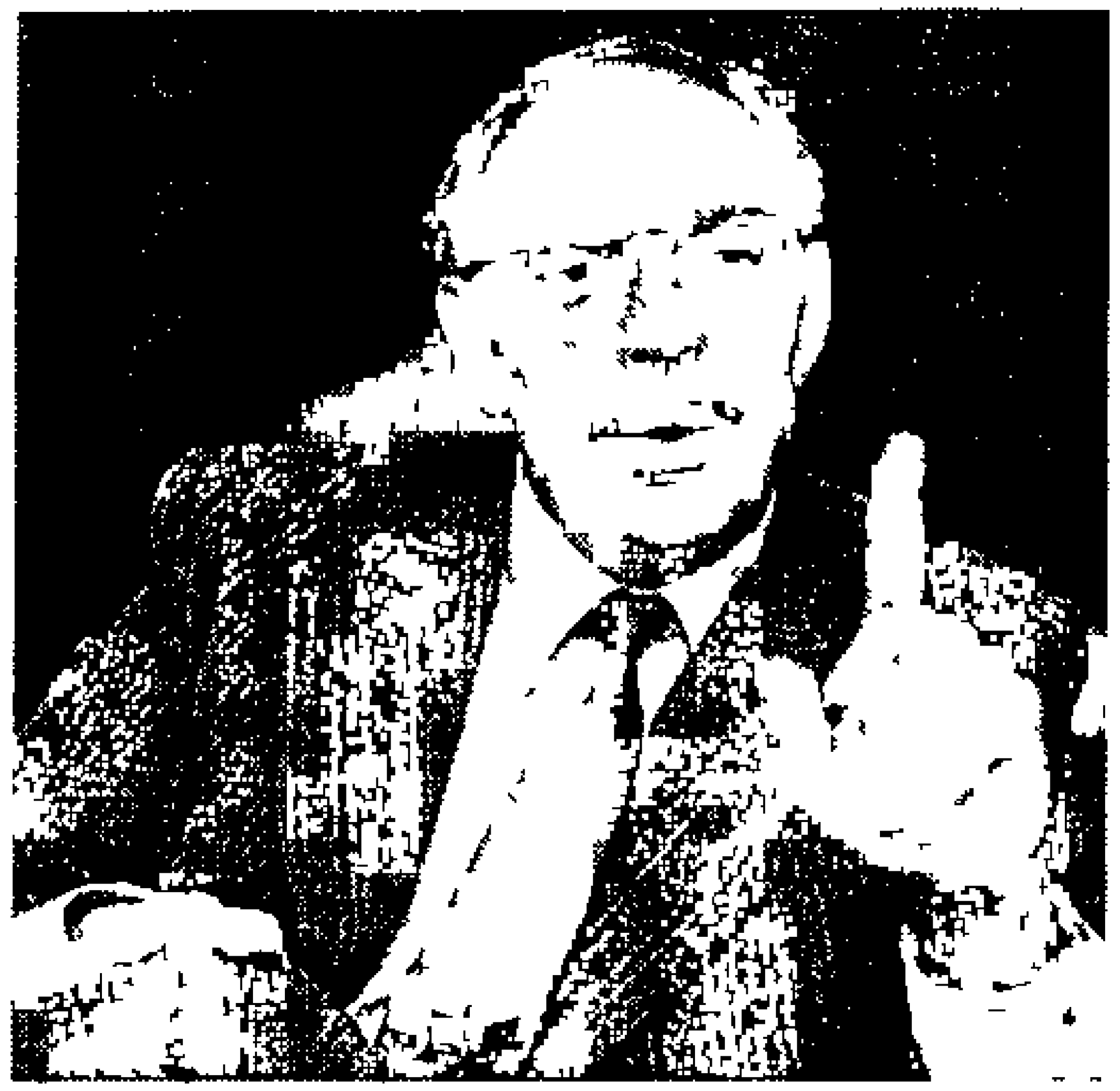
But with Iscor's 11 mines and 5 plants, the decentralisation decision are not simple ones clearly there is a need for greater autonomy in the divisions but some key functions need to remain centralised.

All the "low risk" aspects of decentralisation have already been implemented and Smith stresses changing Iscor's structure further is a high risk process, involving complex decisions Mistakes could cost shareholders dearly

The advantage of bringing in McKinsey is that the consultancy is the international "fundi" on steel plants and can provide benchmarks against which Iscor can change its structure, and can help the corporation avoid the pitfalls of others, says Smith. He can't yet predict what the exercise might cost but the main issue, he says, is that it will make Iscor a great deal more efficient.

That is just one aspect of Smith's mission, which he says is simply to add value for shareholders — of which there are 165 000, down from 230 000 at the time of privatisation but still a wide spread. He aims to make Iscor the largest commodity company on the African continent 20 years down the line

But adding value for shareholders means Iscor must mute its vulnerability to the international commodity cycle. This has been a driving imperative of the change strategy implemented since Smith took over in September 1993 He argues that getting R1bn in debt off the balance sheet, and turning cash flow positive as Iscor has done, is itself a buffer against the next downturn. "At the bottom of the next cycle we will have zero debt and money in the bank and we will be ready to expand and to acquire companies which have not managed the cycle well that's where the quantum leaps in value will come from," Smith says



☐ SMITH

Sub-Saharan Africa is Iscor's territory, as he sees it. He has no ambitions to go multinational and face unnecessary competition, but is comfortable in Africa. He notes that Iscor is already exporting $1bn of products annually and getting paid in dollars, so it is well hedged against the fluctuations of the rand.

Locally, if the Saldanha project goes ahead, Iscor's total output will rise to over 6-million tons of finished product. There are no plans to raise tonnage further although the product mix will change to improve the bottom line. Rather, Smith sees opportunities to expand Iscor's mining base There are world class deposits of iron ore, zinc and copper in sub-Saharan Africa Iscor is well placed to develop these — in most cases greenfields developments — although it is having to be patient given the political complexities of doing deals in the region. There is also potential to expand Iscor's iron ore exports from SA itself New steelmaking processes favour lump — rather than fine — ore and SA has 55% of the world's lump reserves, in the Kalahari basin.

And while management is resisting the temptation to overspend in the upturn, Iscor is explicitly in expansion mode, with several capital projects on the the go It has shed 7 000 jobs over the past 20 months in its bid to become internationally competitive, and Smith believes Iscor owes it to SA to create some new positions

But management's plans for the future explain why Smith is sanguine about the environmental controversy over Saldanha Steel. He is confident that all will be sorted out, but if the project doesn't go ahead he'll just move on to the next item on his list. He emphasises, though, that unnecessary delays could increase the risk profile of the project.

Three factors make it urgent that the commission of inquiry appointed last week make a decision on Saldanha One is tax. A section 37e tax concession which the project has been granted is worth R1,2bn in funding, to add to the R750m each of Iscor and the IDC will put in The project's funding requirement is expected to peak at R4,8bn before revenue starts coming in, and Iscor desperately needs the cash upfront which the tax break enables.

But the S37E concession is time bound. any construction spending after 1998 would not qualify for it. 37e allows tax certificates issued in terms of the concession to be sold. So Saldanha would raise cash this way, though the downside is it would start paying tax as soon as it came into profit — expected to be within 18 months of start-up

The second factor is the exchange rate. Imported equipment represents 35% of the cost of the plant. With the rand expected to fall, the rand costs of the project could rise steeply if the forex component is not covered soon.

The third factor is the international steel cycle — crucial since Saldanha's entire production is for export. The later the project comes on stream, the lower prices will be.

Smith believes the commodity cycle has already peaked in the US, will do so soon in Europe and will peak in the Pacific Rim in 1997/98 He expects the bottom of the next cycle in 2001 — also expected to be the bottom of the cycle in SA, although successful implementation of the reconstruction and development programme could prolong the current upturn.

However, Smith says he has bought some time on the Saldanha project because contractors have now moved on site to start for the drilling to determine ground formations so that foundations can be designed This has been cleared with all interested parties.

Although Smith concedes Saldanha is expensive by international standards, the technology to be used will allow it to produce very high quality steel at competitive prices

If Saldanha goes ahead, as Smith is confident it will, he says "I've no doubt we can sell the steel before it's made. A board meeting next month is scheduled to take some key decisions on changing the face of Iscor"

As Smith is fond of saying: "Watch this space"

JSE members are on merger trail

BEATRIX PAYNE

THE number of broking firms that are JSE members is likely to be whittled down over the next few months in a flurry of mergers and acquisitions ahead of the JSE's deregulation on November 8

BD 22/6/95

Maree opens substation

1899

Nicola Jenvey

EMPANGENI — SA's largest electrical substation, the R141m Athene power station built to service the Alusaf Hillside smelter, was officially opened by Eskom chairman John Maree yesterday

The station's capacity was 2 000MW, 30% greater than its nearest competitor in SA. The Alusaf Hillside smelter would require 800MW at any given moment and the additional capacity would be used to feed smaller projects such as Richards Bay Minerals.

The Alusaf Bayside smelter would still require capacity from the Impala substation.

"Within three years SA will be the world's cheapest supplier of electricity and this (Richards Bay-Empangeni) region has the potential to attract large-scale international investments where the greatest cost component is electricity. This could be the Silicon Valley of the electricity world," Maree said.

Commenting on Eskom's rural electrification project, Maree said the region would benefit significantly from the fact that the backbone of an electrical supply system for the region had been installed because of Alusaf's needs.

It would be possible now to supply electricity to more homes in the region at a faster pace than previously, Maree said.

Stainless steel used as economic pointer

(189A) BD 22/6/95

Marcia Klein

METAL prices have been rising rapidly as improvements in most economies have led to increased demand.

The price of Iscor's basic steel had increased by only 7% over the past year, and further increases of between 2% and 4% were expected by the beginning of July Analysts said its prices had remained low because of depressed domestic demand, although demand had picked up again

But stainless steel prices had been rising, with a large portion of the increase being attributed to higher nickel prices as nickel accounts for up to 50% of stainless steel production costs Seifsa economist Michael McDonald said the price of nickel, which was based on London Metals Exchange prices, had increased significantly in the past year In some cases, nickel surcharges had been added to prices

He said the use of stainless steel was a good economic indicator There was lower usage during recessionary times, while higher per capita income was reflected in increased usage of the product.

When economies turned, there was a sudden surge in demand for nickel for stainless steel production, and the nickel price would increase significantly

An analyst said stainless steel was a relatively new product, and more and more uses were being found for it Although it was linked to economic cycles to some extent, the product base was broadening, he said

Another analyst said ferrochrome contract prices, which were negotiated on a quarterly basis, had also reflected the strong demand for ferrochrome from stainless steel producers

Aluminium prices had increased because of a general upturn in most northern hemisphere countries.

McDonald said producers in the Eastern bloc had been selling at low prices to get foreign exchange but this trend had recently fallen away. Aluminium prices also reflected the high cost of electricity During the downturn, many aluminium plants had to close down because of the high cost of production, largely because of high electricity prices

Alusaf, which would produce its first aluminium from the new Hillside Smelter this week, had counted on this trend as its electricity requirements would not be as costly as those of most other producers

White knight in KwaZulu

(189A) FM 23/6/95

Vision, courage, faith and yes, a dollop of luck all contributed to the start-up of Alusaf's R6bn Hillside aluminium smelter at Richards Bay Originated when SA was at a political crossroad and the economy wasted by years of global isolation, shareholders gave the nod in the early Nineties to what could have become another great industrial folly, comparable only to Mossgas

After the decision to go ahead was taken there were some heart stopping moments

Unpredictably, Russia found itself with a surplus of aluminium resulting from an end to military production The surplus was dumped on world markets and the aluminium price fell off the boards at the London Metal Exchange

The Russian dumping, an over-supply due to slowing economies and increased capacity being commissioned led to a rapid build-up of LME stock and the price collapse

Production from new smelters which were planned in the Eighties, entered the market in the early Nineties during a worldwide recession But as the aluminium price continued to plummet, so the list of plant closures lengthened In 1992, when the decision to go ahead with Hillside was taken, more than 1m t of capacity had been shelved

In desperation, a Memorandum of Understanding (MoU) was signed by Norway, Canada, Russia, the US and Australia in a bid to cut back the huge 4 Mt stockpile overhanging world markets All looked bleak but majority shareholders Gencor and the Industrial Development Corporation pressed ahead with the project — the largest of its kind in the world

As Alusaf chairman Fred Roux says further complications included radical revision of government's protectionist policies — certain incentives were removed and import duties were coming under review These possible measures focused attention on the high cost nature of the company and cast a shadow over its long-term viability

Business and investor confidence was at an all-time low "Most observers believed Alusaf was mad to embark upon such a venture"

But shareholders also knew that committed smelter expansions around the world were not adequate to meet the expected demand for aluminium to the year 2000

More foreign high-cost smelters were shutting down as the price hovered around the US$1 100/t level

But as the stock overhang began to melt away, the LME price started firming So the scenario began to change even before Hillside was halfway towards completion

As Far East and Western economies began to improve and the MoU took effect, the aluminium price began to rocket, touching $2 000/t From being in what was considered a precarious situation, the Hillside smelter began to take on a rosy glow

But Roux points out that the success of the smelter was never dependent on having correctly predicted that the aluminium price would now be as strong as it is

Roux *most believed we were mad to go ahead*

"The project was predicated on Hillside being constructed on time, within budget, being world competitive and able to withstand long periods of low aluminium prices"

The project is under budget (R1,3m) and five months ahead of schedule

The first casting unit is now operational and the first of the 576 pots started up The pots will be progressively commissioned at an average of 12 a week until Hillside reaches its full production capacity of 1 270 t a day The company's Bayside smelter has a capacity of 170 000 t a year, which means that Alusaf will produce 636 000 t a year when the new plant is fully operational

The viability of the smelter is due to the use of the latest technology and the direct linking of alumina and electricity prices to the LME metal price The effects mean that suppliers share in the risks related to the fluctuating metal price Calculations for the success of the project were based on an average price of $1 650 a ton in 1993 values At that price, about 65% of the smelter's cash operating costs are linked to the aluminium price — making it competitive during periods of low LME prices When the price falls, the cost of alumina and electricity supply fall at a proportional rate

Eskom was a willing partner to the idea due to a surplus capacity situation

The electricity utility has spent about R300m running a dual power supply system through the Athene substation into the new smelter And the smelter's alumina supply is considered cast iron in the light of the tie up between Gencor and Billiton

Though Alcoa is committed to supplying 500 000 t, Billiton is contractually bound to provide 400 000 t, while Alusuisse will come in with 300 000 t The alumina contracts are tied in on a barter arrangement which will see the suppliers off take a certain percentage of the smelter's production.

As Alusaf MD Rob Barbour says, despite the downcycle in the industry being severe, the lengthy period of weak prices, which forced inefficient producers to close, made the outlook begin to look advantageous. The project, he says, is scheduled to come fully on-stream in a rising market Virtually no other new smelter capacity is expected to open from 1995 onwards

Barbour says production for Hillside and Bayside in 1996 will come in at 410 000 t of which 117 000 t are for local markets. Export sales for the period will be 137 000 t (raw material related), 48 000 t long-term contracts and 71 000 t to traditional markets This gives a commitment of 373 000 t leaving 37 000 t for spot availability

Output will gradually increase to 635 000 t in 1996-1997 and finally to a combined capacity of output of 640 000 t in 1997-1998 Total output from Hillside when fully operational will be 466 000 t.

The quantum production jump leapfrogs Alusaf into the top 10 of the Western world's aluminium producers

A technology supply agreement with Pechiney of France means the project has an advanced level of automation The AP-30 technology includes the use of microprocessors and mini-computers for process control, integrated with an information system for technical management, all of which are designed to boost productivity

Operating at 300 000 amps, the pots in the new smelter are twice the size of those in the company's Bayside one, but will only consume 13,6 MWh of power per ton of aluminium produced — 9,3% less that the Western world's average of 15 MWh

"But despite the slow-down in demand growth, we will see an increase in aluminium production from just over 20 Mt in 1990 to around 36 Mt by 2020 This relates to an average 530 000 t a year increase over the next 30 years, of which primary aluminium production will supply the major share," Barbour says

The new smelter will generate R1,5bn in foreign exchange earnings and the national income generated is estimated at between R2,6bn and R3bn Over 1 100 new, on-site posts will be created and an additional 30 000 permanent downstream jobs

Perhaps in this instance Alusaf and its two main partners should adopt the motto of Britain's Special Air Services — "who dares wins"

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(189A) FM 23/6/95

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Union threatens to act tough over pay

Sowetan 26/6/95

(189)

Sowetan Correspondent

THE National Union of Metalworkers of SA has vowed there will be no wage settlement in the metal industry this year unless employers "commit themselves in principle and in practice to closing the apartheid wage gap".

Speaking after the union's two-day national bargaining conference on Friday, Numsa president Mr Mthuthuzeli Tom said should efforts at conciliation in the Industrial Court this week not produce a satisfactory settlement, the union would ballot its 120 000 members in the industry on what form of action to take.

The conference came after annual wage talks involving representatives of more than 275 000 workers and the employer body, the Steel and Engineering Industries Federation of SA, ended acrimoniously two weeks ago when Numsa and the Chemical Workers' Industrial Union declared that they were in deadlock with employers

Seifsa has made a final offer of a 10 percent general wage increase and an 11 percent increase for workers in the lowest grades but has proposed no increases on minimum wage rates.

It has also offered to increase subsistence allowances by 10 percent, to introduce improved maternity leave provisions and to improve the minimum severance payment structure for retrenched employees.

Eleven of the 13 unions taking part in the negotiations modified their wage demands in the last negotiating meeting and will present their final positions at the conciliation meeting

Numsa has presented an interlinked package of demands which are aimed at addressing the "apartheid wage gap" that exists between workers in the lowest rungs and those higher up, low levels of training and education, the reduction of grades and job security

INTERNATIONAL BODY OFFERS HELP

189A

Mill may harm SA's image

CT 27/6/95

SOUTH AFRICA'S international image might suffer if it failed to honour its environmental pledge in terms of the Ramsar Convention. **MELANIE GOSLING** reports.

A GOVERNMENT which had signed the Ramsar Convention, but failed to honour its pledge to ensure wise use of its international wetland sites, would show itself internationally to be a government which did not keep its word, a spokesman for the Ramsar Bureau said yesterday

Technical officer Mr Tom Kabii said during a visit to Langebaan Lagoon yesterday that the convention "doesn't have a measure geared to punishing nations, but the nation would put itself in the international limelight as not keeping its word. Diplomatically it would be most regrettable"

Mr Kabii, in South Africa as a guest of the Department of Environmental Affairs, is here to visit two of the country's major Ramsar wetland sites — Langebaan Lagoon and St Lucia

He said it would be premature to make a statement about the Ramsar Bureau's standpoint on Iscor's controversial proposal to build a steel mill near the lagoon

He said Environmental Affairs Minister Dr Dawie de Villiers had written to Ramsar's head office in Switzerland to say he needed more information before he could say whether the impact of the steel mill would alter the ecological character of Langebaan Lagoon

"We are still waiting for that further information for us to make a concrete decision," Mr Kabii said.

He said the convention could only make recommendations — it was up to the signatory nation itself to honour its pledge

Mr Kabii said the convention adopted a precautionary principle if there was doubt about the environmental impact of a development on a wetland

"If we cannot be sure of the impact .. we will play it safe by recommending the development is limited or withdrawn altogether," he said.

Assistance

He said the Ramsar Bureau would be willing to send a monitoring mission to investigate and gather more information on the impact of the steel mill, if the SA government requested it.

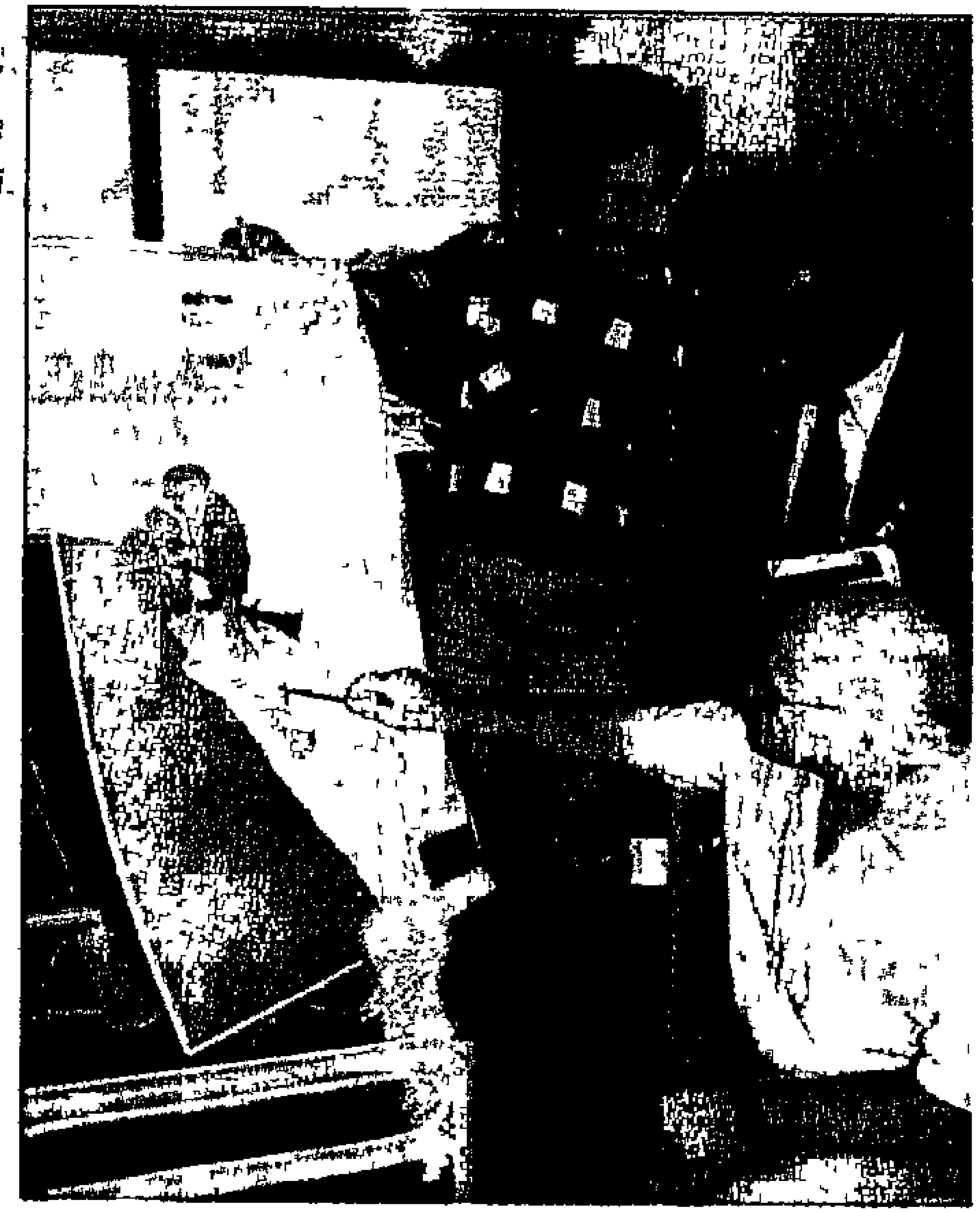
Meanwhile, Sapa reports that a National Assembly Environment and Tourism Committee delegation will visit Saldanha Bay today to investigate the issues surrounding the proposed steel mill project.

Committee chairman Mr Peter Mokaba said yesterday the delegation would meet "all stakeholders" in Saldanha and Langebaan and would receive representations from the mayors of Langebaan and of Saldanha/Vredenburg.

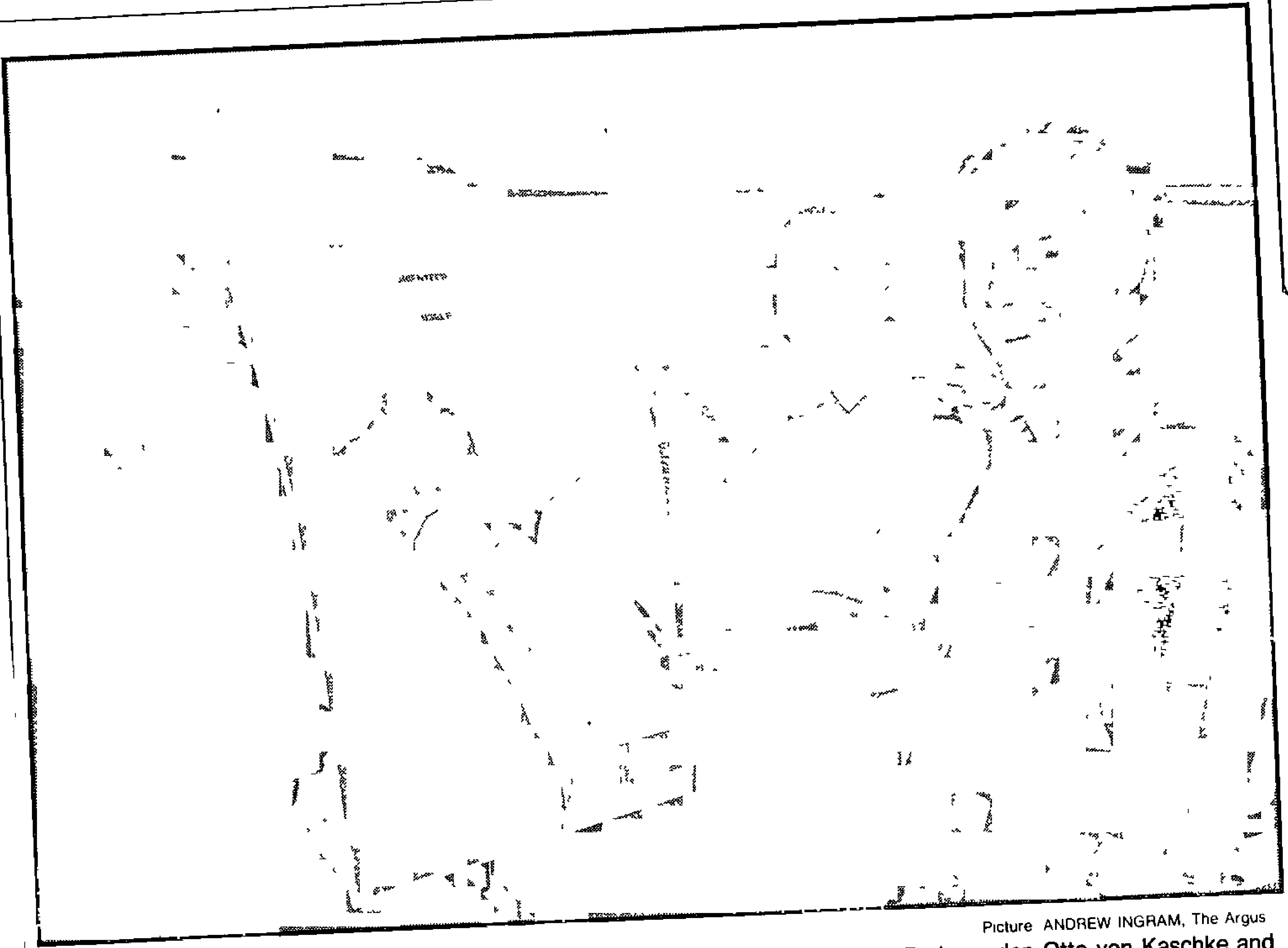
Mr Mokaba said SA needed urgently to develop and promulgate comprehensive rules to govern future development. The environment should be integrated in all stages of development so that all stakeholders were properly advised on planned projects.

The delegation would report back to the full committee tomorrow.

● The Ramsar Convention on Wetlands of International Importance is an inter-governmental treaty which was adopted at Ramsar in Iran in 1971. There are 88 signatory nations. SA joined in 1975. When Langebaan Lagoon was declared a wetland of international importance, it was already known that the region was designated for industrial development.



INTERNATIONAL SITE: West Coast National Park warden Mr Otto v Kaschke points out Langebaan Lagoon boundaries to Ramsar's Mr Tom Kabii (centre). With them is Mr Jeff Cowan of the Department c Environmental Affairs. *PICTURE: ALAN TA*



Picture ANDREW INGRAM, The Argus

CHECKING POINTS: Ramsar Convention officer Tom Kabii, West Coast National Park warden Otto von Kaschke and Geoff Cowan, director of natural environment of the Department of Environmental Affairs, inspect a map of the Saldanha Bay/Langebaan Lagoon area where Iscor is proposing a steel mill

ARG 27/6/95 (189A)

World wetland experts ready to advise on mill

Staff Reporter

INTERNATIONAL wetland experts would be willing to visit South Africa — if invited by the government — to give advice on possible impacts on Langebaan Lagoon from Iscor's proposed steel mill at Saldanha Bay.

This was disclosed during a site inspection by Tom Kabii, technical officer for Africa of the Ramsar Convention secretariat in Geneva

The convention is an international agreement to protect wetlands, adopted at Ramsar, Iran in 1971 South Africa signed in 1975, and is one of 88 signatory nations

Mr Kabii, in South Africa as guest of the Department of Environmental Affairs, met West Coast National Park warden Otto von Kaschke in Langebaan to discuss Iscor's controversial proposal to build a R4,7 billion steel mill two kilometres from Saldanha Bay

He said Ramsar would be willing to send a mission to the area "to assist and give technical advice" about the mill's possible impact on the environment, if requested by the South African government

He said he did not have sufficient information to comment about possible threats to the 5 000 hectares of wetlands in Langebaan Lagoon

Mr Von Kaschke said the proposed development at Saldanha Bay would affect the wetlands

Mr Kabii's brief visit during his tour of Africa follows notification to the Ramsar Convention bureau in Geneva by Environmental Affairs Minister Dawie de Villiers of a possible threat to the area

Dr De Villiers has appointed a board of inquiry, headed by former Supreme Court judge Jan Steyn, into the proposed steel mill

● A national assembly environment and tourism committee delegation will visit Saldanha Bay today to acquaint itself with the issues surrounding the proposed steel mill project, Sapa reports

Chairman Peter Mokaba said the delegation planned to meet and listen to "all stakeholders" in and around Saldanha and the Langebaan area, and would listen to representations from the mayors of the Saldanha/Vredenberg area and Langebaan

Top conservationist slams Iscor's mill plan

ARG 28/6/95 (189A)

Environment Reporter

ONE of South Africa's top conservationists, Nick Steele of KwaZulu's department of nature conservation, has attacked Iscor's proposal to construct a R4,7 billion steel mill at Saldanha Bay.

Mr Steele, who had just returned from a visit to the proposed site, said he was "completely dismayed" by the proposal and that the earmarked property was "dangerously close" to the water's edge

The day was fast approaching when large corporations would have to display a sense of ecological and environmental continuity in their corporate endorsements of green issues, Mr Steele said

"Industry clearly needs to develop a conservation ethic which is not driven primarily by the rand. Iscor's hurry at Saldanha Bay displays an almost cynical dismissal of one of the few pristine areas left in this country"

Mr Steele said Iscor's efforts showed strong parallels with the proposed mining of the eastern shores of Lake St Lucia by Richards Bay Minerals.

Court bars Iscor decision until after inquiry

ARG 28/6/95 (189A)

Staff Reporter

THE Western Cape government was today barred by the Cape Supreme Court from making a rezoning decision on Iscor's proposed new steel mill at Saldanha Bay, pending the findings of a board of inquiry

An application was granted Mr Justice Farlam for an interdict preventing the Western Cape government of Premier Hernus Kriel from rezoning the property until a board of inquiry appointed by Environmental Affairs Minister Dawie de Villiers had completed its investigations on the impact of the proposed development

The application was brought by Alastair van Huyssteen, Hendrik Venter and Johannes Coetzee, acting as trustees of the Wittedrif Community Trust

The respondents were Dr De Villiers and seven others, including provincial Minister of Agriculture, Planning and Tourism Lampie Fick

The Wittedrif Trust owns property on Langebaan Lagoon at Saldanha Bay

● The national assembly environment committee today put on hold its inquiry into the Saldanha Steel issue pending the findings of the board of inquiry, the Argus Political Correspondent reports

The decision was made soon after the committee was told the Supreme Court had granted the interdict

Yesterday, the committee visited the proposed steel mill site and representations were made to it by the mayor of Vredenburg, the community and Iscor

Chairman Peter Mokaba said the committee had assured residents that they were not opposed to job creation

"Our way of dealing is to see there is a development which is integrated with the environment

"The mission of the committee is about sustainable development"

● **Iscor's mill plan slammed, page 8**

Iscor's proposed steel mill on hold

Court orders delay in Saldanha rezoning

(189A) (###) Star 29/6/95

Cape Town — The Cape Town Supreme Court yesterday ordered a delay in the rezoning of land in Saldanha Bay for Iscor's proposed steel mill, a lawyer told MPs.

Environmental lawyer David Waddilove told Parliament's portfolio committee on environment affairs that the court ordered a rezoning application postponed pending the outcome of a current Government inquiry.

Iscor and the Industrial Development Corporation (IDC) have proposed a 50-50 joint venture to build a R3,6-billion mini steel plant in Saldanha Bay

Environmentalists have challenged the development planned near the inlet of the Langebaan Lagoon at the end of a railway line from Sishen iron ore mine

The multiparty parliamentary committee called for changes in the composition and mandate of the board of inquiry appointed by Environment Affairs Minister Dawie de Villiers to probe the steel mill project.

The committee, headed by the ANC's Peter Mokaba, resolved to ask De Villiers to extend the terms of reference of the inquiry headed by Mr Justice Jan Steyn to cover the need for a full environmental impact assessment in addition to the probe of objections raised against the project

The committee also decided that "no individual who was previously involved with the initial report should sit on the board"

Waddilove, representing the Environmental Monitoring Group, said afterwards the committee's comment on the composition of the board probably would force the exclusion of University of Cape Town Professor of Environmental and Geographic Studies Richard Fuggle.

Waddilove said Fuggle was involved in the initial Iscor feasibility study and could not assess his own work.

Earlier, Waddilove told the committee that Fuggle and environmentalist Rufus Maruma would not conduct a proper assessment of the project

"We have severe problems with Professor Fuggle. As far as Mr Maruma is concerned, both men come from the same school of environmentalism. They're going to rubber stamp the development We see them as representatives of the interests of industry, Iscor and the Saldanha steel project" — Reuter.

GOVERNMENT WIDENS ENVIRONMENTAL PROBE

Saldanha steel project on hold

(1894) CT 29/6/95

SALDANHA'S STEEL MILL project is losing momentum and may fade altogether
ANTHONY JOHNSON reports

PLANS for the speedy construction of a multi billion rand steel mill at Saldanha suffered a series of setbacks yesterday

First, the Cape Supreme Court barred the Western Cape government from rezoning the site of the proposed Iscor development before a board of inquiry appointed by the central government had completed its impact probe

Then the National Assembly environmental committee questioned the limited terms of reference and the composition of the board, appointed by Environmental Affairs Minister Dr Dawie De Villiers.

Impact study

And last night Mineral and Energy Affairs Minister Mr Pik Botha told Parliament a separate environmental impact study had been commissioned to determine the effect of increased traffic to Saldanha harbour by tankers using the crude oil storage facilities

Mr Botha said the cabinet had decided to increase storage of oil at Saldanha to 25 million barrels — and acknowledged "the handling of crude oil remains a hazardous operation which can lead to serious detrimental effects on the environment, in the case of an accident."

The prospect of construction delays might persuade Iscor to take its project elsewhere

Saldanha Steel boss Mr Bernard Smith told a parliamentary committee last week that the company hoped to be "in business" by 1998 if rezoning for the site close to the lagoon could take place "soon"

But he immediately warned lawmakers. "There are real dangers that if the project is delayed, shareholders would simply want to take their money elsewhere."

The most likely alternative site is Port Elizabeth but ANC legislators were warned off punting this because of the need to promote jobs for coloureds in the National Party-controlled Western Cape.

Some Eastern Cape legislators keen to put jobs ahead of environmental concerns have however, stepped up lobbying

Chairman of the the parliamentary committee, Mr Peter Mokaba, yesterday proposed the terms of reference of the environmental board of inquiry be extended to include not merely the proposed industrial development at Saldanha, but also the expansion of the harbour and secondary industrial development.

He has asked Dr De Villiers for a "strategic comprehensive cumulative" Environmental Impact Assessment that would take care of "the missing details" environmentalists and others have complained about

Mr Mokaba told the Cape Times he would also discuss with the minister concerns raised about the alleged bias of the reconstituted board.

The minister would be asked to consider a proposal that "no individual who was previously involved in the initial report should sit on the board to obviate problems of conflict of interest"

Environmental lawyer Mr David Waddilove said a number of environmentalists had "severe problems" with board member and head of Environmental and Geographic Science at UCT, Professor Richard Fuggle.

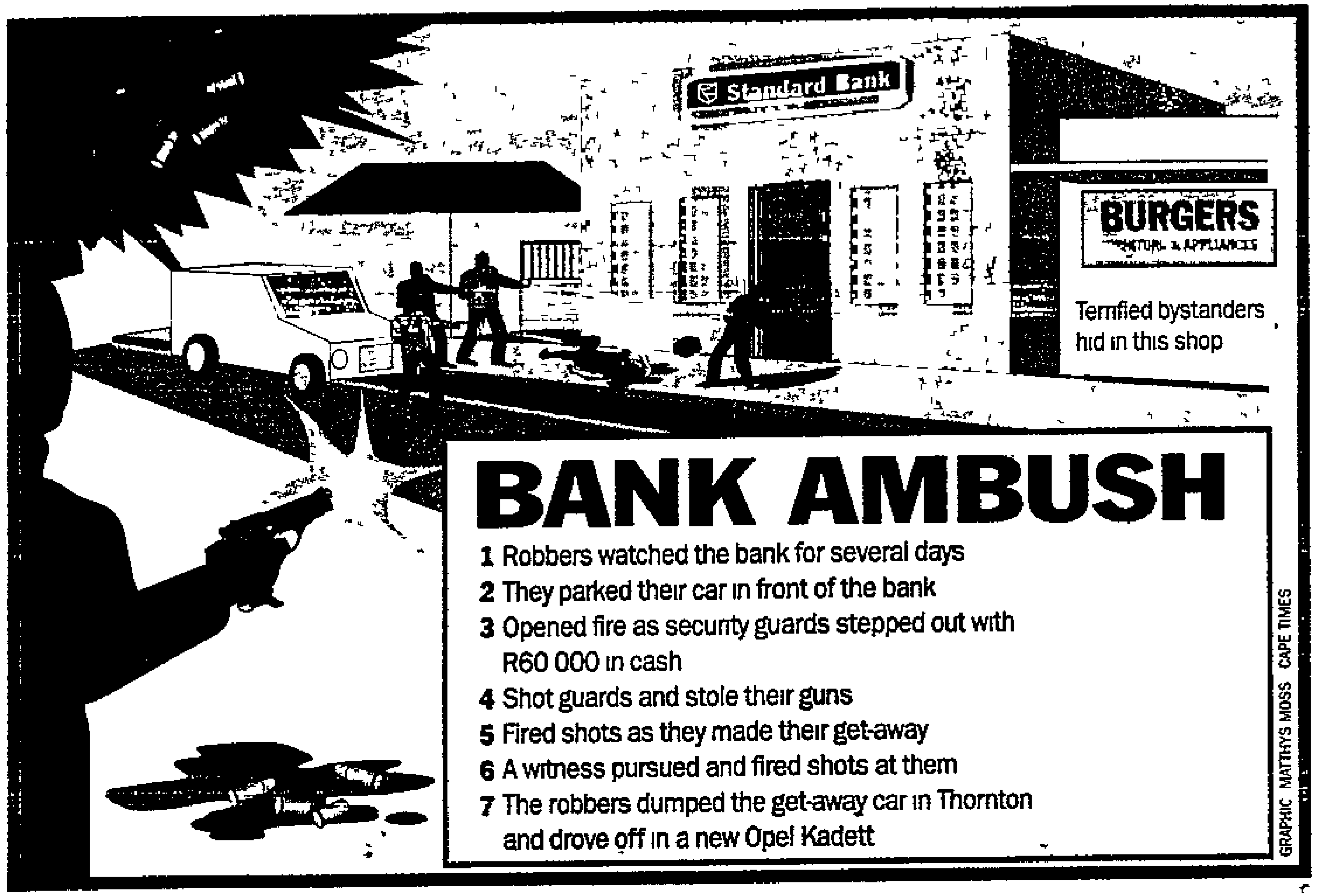
Concerns

He said there were also "concerns," about another board member, Mr Rufus Maruma, who was from the same environmental school as Professor Fuggle and who could be expected to "rubber stamp" the Saldanha Steel project. "We say they are representatives of the interests of industry and Iscor," he told the committee

Mr Neville Sweojd of UCT's Zoology Department, who visited the proposed site with members of the parliamentary committee, said it was still not possible to say what impact the proposed mill would have on the environment.

He said earlier assurances that eight to 16 million litres of water would be disposed of by evaporation were incorrect — "so the potential for polluting the groundwater is still there"

"The process of assessing the impact of the proposed mill is incomplete, information is missing and is not transparent There is a need to expose all the benefits and all the costs of the development before taking a decision," he said.



GRAPHIC MATTHYS MOSS CAPE TIMES

'I prayed as they shot my child'

JACKIE CAMERON
CRIME REPORTER

A PINELANDS father told how he prayed that he would not be killed in front of his seven-year-old daughter after he made eye contact with the gunman who shot and wounded his only child during a robbery outside a Goodwood bank yesterday

Two security guards were shot dead in the robbery and Julia Ford was undergoing surgery last night after she was wounded in the foot

Her father Mr Julian Ford, 43, said their ordeal began as they stepped out of a shop and into the street and saw a robber shooting a security guard in the chest.

"I grabbed my daughter and dived under a nearby car trying to shield her with my body I was petrified he would shoot me in front of my daughter because he knew I had seen him

"Several shots rang out and then I decided to move before he tried to shoot us I was worried we would become their next target because the gunman had made eye contact with me

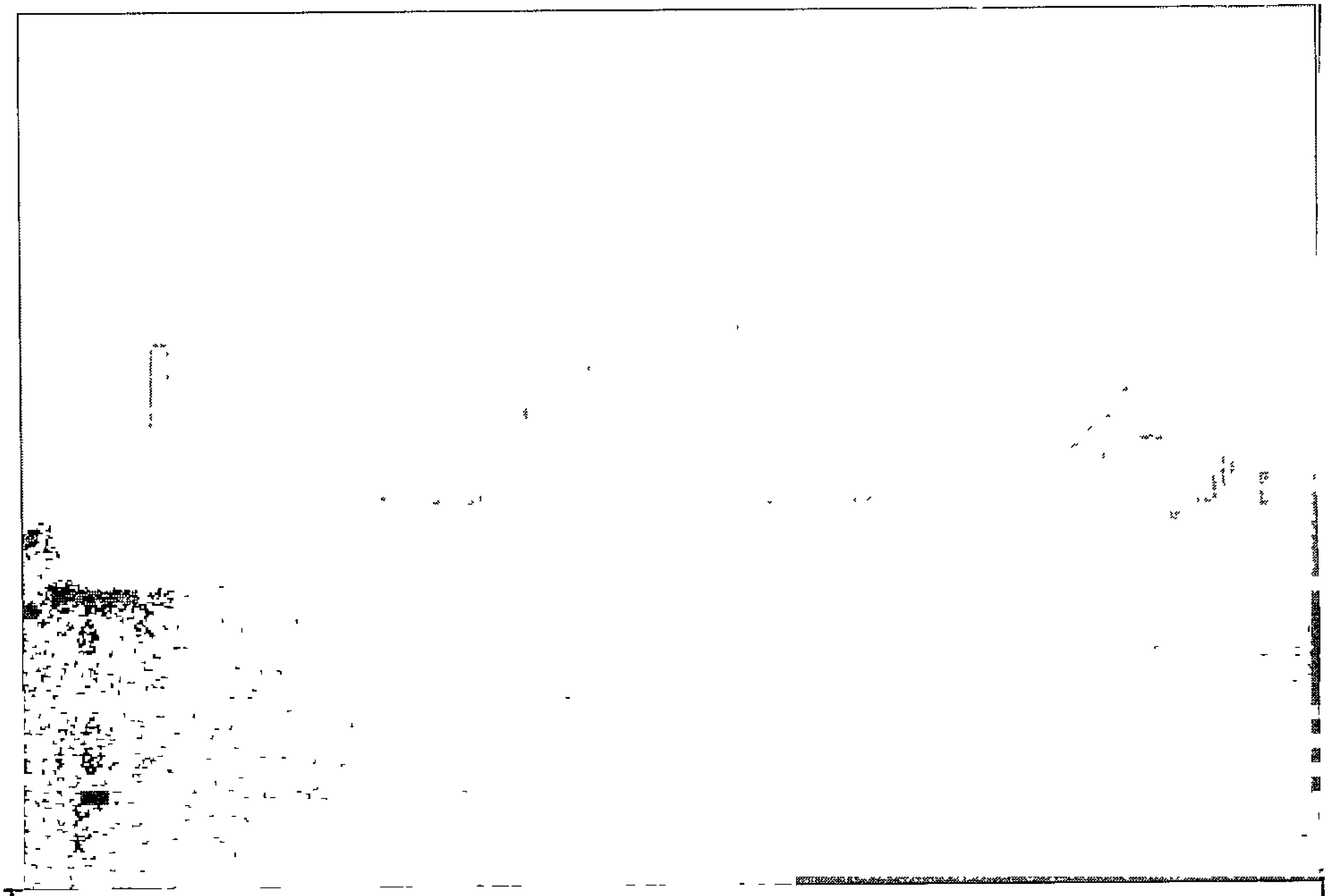
"I picked up my daughter before running into a nearby shop

"Julia, who had been silent up until now, told me that her foot was sore She had not realised she had been shot until blood started gushing out of the wound We heard more shots being fired."

A remarkably cheerful Julia said last night that she had also prayed to God when she heard the gun shots

● See Page 7

SHOT:
Julia Ford, 7



OPEN-MINDED *Iscor is not averse to a takeover if it will benefit the shareholders*

PHOTO CHRIS VAN DER MERWE

Foreign takeover of Iscor 'possible'

CT (BR) 29/6/95 (189A)

By Roy Cokayne
PRETORIA BUSINESS EDITOR

Hans Smith, Iscor's managing director, says the threat of a takeover of the steel manufacturer is possible but unlikely

"When Iscor was a R4 billion company, a takeover would have been likely But today we are a R10,5 billion company So a takeover is going to be very expensive," he says in the latest issue of Iscorian, the company's newsletter

Iscor was previously protected by a 20 percent shareholding clause However, this was scrapped at the company's last general meeting and there is now no restriction on the number of Iscor shares any interested party may hold

The Industrial Development Corporation (IDC) currently owns 16 percent of Iscor's shares But the article says the corporation is not a long-term investor, adding that sooner or later it will unload these shares onto a suitable buyer

Any party buying these shares would only have to obtain another 19 percent to get a controlling interest in Iscor because a 35 percent shareholding was all that was required to be the major shareholder, the article says

It also admits that the likelihood of RTZ or BHP — two of the largest international mining and metallurgical commodity companies — taking a controlling shareholding in Iscor might not be so improbable

Given the weak performance of the South African rand against the dollar and the pound, it says these two companies need only $1 billion to acquire a controlling interest

However, Smith says he is not looking at a takeover as something negative

"If it should happen, it can only be to the advantage of shareholders A possible takeover by a company like RTZ will mean that they will bring capital and experience to the table and this could cause the share price to double

"Given this scenario, I am sure the Iscor Board will go along with a takeover," he said

Smith says this might mean the controlling shareholder will appoint its own key personnel

However, he said "I am here to add value for our shareholders Should this allow the share price to double, I would go along with a takeover tomorrow

"But you can rest assured that the employees of Iscor would not be replaced Maybe just one or two of the senior management group

A takeover will be a commercial decision and it would be silly to replace the entire management team

"But this is all very theoretical I cannot see anybody taking over Iscor at this stage

"The person who wants to do that will have to shop around for shares Large shareholders like the Industrial Development Corporation, Sanlam or Mutual will not sell without consulting with us. Therefore I see a takeover bid as highly improbable

"The party that wants to take over Iscor has to purchase the shares first And the only place they can purchase them is from the current shareholders

THE NATION

Iscor steel mill probe will be 'open, speedy'

189A

ARG 29/6/95

Call for public input on plant

Staff Reporter

THE board of inquiry into the proposed multi-billion-rand Saldanha Bay steel mill will be as transparent as possible, and may complete its work "in a matter of months", says board chairman Jan Steyn.

He also dismissed criticism of two board members — Richard Fuggle, head of the University of Cape Town's environmental and geographical sciences department, and Rufus Maruma, environmental adviser to the premier of the Northern Province.

Mr Steyn said today that the board wanted "as participative a process as possible" and needed the assistance of the media and the public to achieve this.

Yesterday the Cape Supreme Court ruled that a rezoning decision about the property earmarked for Iscor's steel mill be postponed, pending the findings of the board.

Appointed by Minister of Environmental Affairs Dawie De Villiers, the board will look into the costs, benefits and general desirability of the controversial steel mill project.

The board has been briefed to advise Dr De Villiers on:

- The status of previous government decisions which resulted in industrial development in the Saldanha Bay area.
- The validity of objections to the proposed steel mill.
- The extent and limits of powers vested in various authorities whose decisions have an impact on the area.
- Any other issue "relevant" to an adjudication of the matter.

Mr Steyn said the board's proceedings should be "transparent, holistic and comprehensive, fair and conducted with integrity and speed".

"Delay is the enemy of justice", he said, adding that he hoped the findings could be released within months.

Turning to objections about Professor Fuggle's appointment, Mr Steyn said he was satisfied he "was not in any way disqualified".

Professor Fuggle's presence on the board has been questioned because he served on the recent Council for the Environment report on the Council for Scientific and Industrial Research Council's (CSIR) impact study on the mill.

ARG 29/6

Mr Steyn said Professor Fuggle's previous experience and knowledge of the area was an asset.

"He has assured me that he has a completely open mind on the matter and I have no doubt of his ability to bring an impartial mind to bear on the matter."

The board will meet for the first time on July 17.

- The board has invited all interested parties to submit written evidence before July 14. The address for all correspondence is Mrs Colleen Barnard, 14 Keerom Street, Cape Town 8001.

Saldanha interdict bid is allowed to go ahead

(188) (189A) BD 29/6/95

Edward West

CAPE TOWN — The Cape Town Supreme Court upheld an application yesterday by Alistair van Huysteen, who represented several property owners in the Saldanha area, seeking to interdict provincial planning minister Lampie Fick from rezoning the proposed steel mill site until a board of inquiry had concluded its assessment.

Van Huysteen's application to compel De Villiers to appoint the board of inquiry was dismissed.

Reuter reports environmental lawyer David Waddilove told Parliament's portfolio on environment affairs committee the court ordered the rezoning application postponed, pending a government inquiry outcome.

Iscor and the Industrial Development Corporation have proposed a 50-50 joint venture to build a R3,6bn mini steel plant in Saldanha Bay. Environmentalists have challenged the development, planned close to the renowned Langebaan Lagoon inlet.

Environment Affairs Minister Dawie de Villiers has been requested by his parliamentary portfolio committee to reconsider the terms of reference for the inquiry into the proposed R4bn steel mill.

Committee chairman Peter Mokaba said terms of reference suggested to the minister included additional criteria to avoid appointing inquiry board members involved with Iscor's initial environmental assessment report. The notion of possible conflicts of interest was first raised when its chairman Antonie Gildenhuys voluntarily recused himself when it was established that the law firm where he was previously employed had been a consultant to Iscor.

The minister has since appointed Judge Jan Steyn as chairman and environment consultant Rufus Maruma and Cape Town University environment and geography department head Richard Fuggle as board members. Fuggle was also involved in the initial Iscor-commissioned CSIR environmental impact assessment.

UCT zoology scientist Neville Sweijd told the committee Fuggle and Maruma were from the same school of thought and would "rubber stamp" approval.

Mokaba said the committee was also considering a three-month time frame for the board's deliberations.

FERROCHROME INDUSTRY

At last, the ship comes home

FM 30/6/95 (189A)

It's reward time for patient investors in the country's principal ferrochrome producers Steady demand for stainless steels coupled with falling supplies of chrome ore are driving ferrochrome prices ever upward

Since the turn of the year, average prices for SA ferrochrome have risen from the nadir of around US38c/lb to between 70c and 74c for third quarter delivery This is an increase of nearly double and industry sources confirm the price rise of about a third for contract delivery between the second and third quarters is an all-time record

Inevitably, this dramatic turn in fortunes will have a significant impact on the bottom lines of all three major SA producers — Samancor, the biggest, JCI's Consolidated Metallurgical Industries (CMI) and newly listed Chrome Corp Technology (CCT). CMI, for example, is said by analysts to be able to increase its earnings by as much as four- or five-fold.

The company produced EPS of 236c in 1989, 167c in 1990, falling to a loss of 58c the next year, a loss of 12,5c in 1992, another loss of 97c in 1993 and a breakeven in 1994. Analysts' forward projections are for earnings of 100c this year, rising to as much as 400c next year (undiluted), numbers which illustrate the extent of the largesse all ferrochrome producers are about to reap.

Wood . *no rights issue, traded his way through the doldrums*

After the years of starvation, it is a situation CMI CE Sandy Wood contemplates with some relish. Presenting last year's results, he made it clear the company wanted to avoid a rights issue to retire debt "We think," he said at the time, "we can trade our way through this." The latest information suggests that's exactly what CMI can now do.

Though the available statistics are markedly contradictory, there is consensus that stainless steel demand is growing at around 4,5% a year compounded Last year's rise could have been better than 10% and over the 40 years since its introduction, stainless steel growth has turned negative in only four or five years.

The major bottleneck for the industry is the unavailability of chrome ores The Donskoy mine in Kazakhstan, previously a major supplier, has fallen on hard times its open cast reserves are essentially exhausted and there are reportedly serious safety problems with underground operations

Production peaked in 1989-1990 at around 3,5 Mt, last year, Donskoy produced only 1,7 Mt

In Albania, the State-run Albcrome producer, which turned out 1,2 Mt in 1989, produced 200 000 t last year. Other potential suppliers in India and Iran are turning to vertical integration in ferrochrome production. That leaves only SA as the swing supplier and most producing mines in this country are already committed to delivery to their own ferrochrome smelters.

Samancor has the capacity to switch, because of its technological capability, between ferromanganese or silico-manganese production (used in carbon steels) and ferrochrome

CCT has just been awarded the contract to provide all the requirements for Iscor's new stainless steel producing unit at Pretoria. That will need another two furnaces, each of 80 000 t a year capacity and there are rumours in the market that CCT intends building a third A private producer Hernic Chrome, is also said to be constructing two furnaces. The local industry is clearly in another expansionary phase

The big question for producers and investors is how sustainable this price run can be And that, in turn, rests on two issues First, there is the matter of new capacity One observer says SA producers are their own worst enemy "When the last cycle was in full swing, CMI built one new smelter, and CCT and Samancor introduced two new smelters each That has to be added to two more in Norway, and finally yet a third by CCT"

The unspoken fear is that as ferrochrome prices escalate, so the temptation to drop everything and rush into production will turn from possibility to a nightmare reality

The second feature is that ferrochrome is driven by stainless steel demand, itself governed by its ability to take market share from carbons However, it is known that new stainless steel capacity of about 3 Mt is likely to come on stream over the next three years (Columbus included) That will hold steel prices down as new producers jockey for position and will act as something of a brake on ferrochrome prices as resistance seeps through

On balance, ferrochrome prices are expected to grow a little — contract prices rising to perhaps 85c/lb — and then stabilise.

There is confidence they will stay at these levels for the next year to 18 months After that, a decline is expected as the cycle moves into its last phase

However, shareholders are right to expect some handsome rewards.

David Gleason

POULTRY INDUSTRY ~~POULTRY~~

What's the beef?

FM 30/6/95

Poultry producers have given an undertaking to Trade & Industry Minister Trevor Manuel to set up a forum to address the problems besetting the industry

The move follows a meeting between producers and Manuel last week when the industry aired its concern over the level of cheap imports flooding the country

But consumers are scoring while the imports pour in. Retail prices over the past six months have dropped from R15/kg to about R7/kg and importers speak of a further dramatic drop in the next few months

Pick 'n Pay GM Ray Murray says while some prices have already dropped by "about 20%" over the past three months, the surplus of local and imported stock is now having a "dramatic" impact on retail prices.

Rainbow Chicken marketing director Steve Pattison says Manuel undertook to "take the necessary action to close import tariff loopholes and that he would be accepting the recommendations made by the Board on Tariffs & Trade in that regard"

In exchange, the industry will set up a forum to address "the current level of com-

Iscor, Macsteel group establish multinational

(189A) Star 30/6/95

Iscor and the Macsteel Group yesterday announced the formation of a new multinational steel trading company which will handle Iscor's future export steel sales as well as the Macsteel Group's international trading activities.

The new company, Macsteel International, will be a 50-50 joint venture between Iscor and Macsteel and will, as from January 1, be Iscor's vehicle for all its export steel sales

Macsteel will transfer all its international steel trading op erations to the new joint venture company, while Iscor will invest some R60-million, representing 50% of the working capital required by the new company.

In 1980 Iscor and Leo Raphaely & Sons, now a wholly-owned subsidiary of the Macsteel Group, formed a joint venture organisation, Trans Orient Steel, to act as principal for Iscor export sales into the Far East Since then this joint venture has handled nearly 50% of Iscor's export steel business. The new joint venture company, incorporating TOS, will have a much wider sourcing and trading base

This is reflected by the 1996 forecast which provides for some 6-million tons of steel to be traded internationally of which Iscor will supply some 2-million tons — Sapa.

Mill: Probe 'fair, fast'

189A

MELANIE GOSLING

THE exact location of Iscor's controversial steel mill project at Saldanha Bay was "of great significance" and would be one of the aspects the board of investigation would be looking at, chairman Mr Justice Jan Steyn said yesterday.

The Minister of Environment Affairs, Dr Dawie de Villiers had given the board "as wide a mandate as one could ask for".

"I want as participatory an approach as possible ... the process must be transparent, holistic and comprehensive, fair, objective and conducted with integrity and with all speed. Delay is the enemy of justice," Judge Steyn said.

He hoped to have the inquiry completed within two months. The board does not have decision-making powers.

The other board member is Mr Rufus Maruma, an environmental consultant and adviser to the Northern Province government.

CT 30/6/95

Iscor, Macsteel form multinational

(189A) BD 30/6/95

Marcia Klein

ISCOR and the Macsteel Group have formed a new multinational trading company to handle Iscor's future export sales and all of Macsteel's international trading activities

The companies said in a joint statement that Macsteel would transfer its international steel trading operations to the new 50-50 joint venture company, Macsteel International.

Iscor would invest about R60m, representing about 50% of the working capital required by the new company. This company would incorporate Trans Orient Steel, a joint venture company formed by Iscor and a Macsteel subsidiary in 1980 which has handled about 50% of Iscor's export business. Forecasts for 1996 indicate Macsteel International would handle about 6-million tons, 2-million of it supplied by Iscor

Macsteel executive chairman Eric Samson said the deal would make new company Macsteel International "one of the largest dedicated steel trading houses in the world"

Agreement in steel industry

CT 24/7/95 (189A)

JOHANNESBURG: Unions and steel and engineering employers have reached agreement on wage increases for the 275 000 workers in the industry and will cut ties with past remuneration trends favouring white workers.

Increases range from 11% for the highest-paid workers to 12% for those on the lowest scales.

(189A)

Iscor in joint plan for $100m Saudi mill

CT (BR) 26/7/95

By Andy Duffy

Staff Writer

Iscor and EL Bateman are to build a $100 million steel mill in Saudi Arabia, in a move which could secure exports worth $90 million a year for the steel group's proposed Saldanha Bay plant

The companies said yesterday they had signed a "protocol of intention" with the Saudi industrial giant, Al-Shamrany Industrial Group, under which the South African companies would build and operate the cold rolling mill

Iscor said it was also negotiating with Al-Shamrany to supply the plant with 260 000 tons of hot rolled coil — currently worth $340 a ton — each year

The steel would initially be supplied from Iscor's Vanderbijlpark plant But the business would be passed to Saldanha Steel once the R3,6 billion export-orientated plant opened The contract would soak up 22 percent of Saldanha's projected annual capacity

An Iscor spokesman said talks were at an early stage, but the company was confident it could land the dollar-paying contract

The deal would represent a major coup for Iscor, which has made exports central to its growth strategy

It has claimed that Saldanha Steel — currently embroiled in an environmental dispute — could bolster its exports by R1,6 billion a year

The Saudi mill, situated in Jubail Industrial City, will have a 250 000 ton annual capacity, producing cold rolled, galvanised and prepainted sheet when the plant is commissioned in late 1997

An EL Bateman division, Bateman Minerals and Industrial, will project manage construction, with Iscor supplying expertise and staff to guide the plant's start-up

The plant will be partially funded by the Saudi Investment Development Fund, with the rest of the cash raised by Al-Shamrany

A formal agreement is scheduled to be signed in the next 90 days

SA to make R50m out of oil deal with Iran

(189A)

MELANIE GOSLING

CT 28/7/95

SOUTH AFRICA is about to clinch a deal with Iran to store 15 million barrels of oil at Saldanha — taking 50% of the profits of selling the oil — to boost the country's oil-dealing profits by R50 million a year, to R100m.

According to Strategic Fuel Fund (SFF) general manager Mr Kobus van Zyl, SA will also "liquidate" about 20m of the 58m barrels built up during the apartheid years, generating over R1,15 billion at today's oil prices.

The news sent international oil prices down by 10c a barrel in volatile markets yesterday, while fears were raised for possible pollution in Langebaan as shipping will increase from 25 to 75 tankers a year.

Mr Van Zyl said the proposed deal involved:

● An agreement with the National Iran Oil Corporation to store crude oil at Saldanha, in the secret bunkers built during the apartheid era;

● A joint venture with a London-based Iranian company to trade the crude out of Saldanha, with SFF taking at least a 50% share of profits.

The deal is likely to be clinched by the end of the month.

"Once the operation is up and running we can afford to further reduce strategic stocks. We can then bring in more Iranian oil or other clients," Mr Van Zyl said.

He said SFF currently had about 58 million barrels of strategic stock. Of this 40m were at Ogies in the Eastern Transvaal, between 15m and 18m at Saldanha and two million at Milnerton.

"Our objective is to have about 35m barrels of strategic stock in total, so we need to liquidate about 20m," Mr Van Zyl said.

He said Iran would "not pay a cent" for using the storage facilities. If SFF charged rent for storage the company could only make a flat rate, but by storing it free and taking 50% of the profits from commercial sales, SFF could make about R50m

He added that the company was "busy with an environmental impact assessment which will look at the increased shipping traffic. W[illegible] asking 'what must I do to execute my responsibility to the environment?'," Mr Van Zyl said.

He said he had been summonsed by Mr Justice Jan Steyn, who is heading the Department of Environment's inquiry into the controversial proposed Saldanha Steel project, and would give evidence next Wednesday.

Tongaat-Hulett on track for expansion

CT(BR) 31/7/95 (1894) SUGAR

By Jon Beverley

Special Writer

The Tongaat Hulett group took another step in its expansion plans on Friday when Chris Saunders, the group's chairman, announced the go-ahead for a R600 million glucose and starch mill at Meyerton and said that the R1,75 billion expansion of the aluminum rolling mill at Maritzburg would be announced in about three months.

Speaking at their annual meeting, Saunders said the group was expecting to lift attributable profit by 25 percent in the year to next March.

There would be a real growth in earnings a share

Attributable earnings in the year to March 31 were R249 million (R160 million) which translated to earnings a share of 273,9c (178,5c)

Later, at a staff meeting, Cedric Savage, the managing director, said the group had not achieved its targets in respect of margins (9,3 percent) and return on capital employed (15,8 percent) but that the aluminum, textiles and starch and glucose divisions were meeting the minimum standard

"Those trying to close the gap and who have definite plans to do so are sugar, building materials, foods and property"

Savage said all divisions were in a growth mode and investing for incremental expansion. "We have more proposals for expansion than funds available, which is a welcome dilemma after the restructuring and retrenching problems of the past."

Saunders said the new African Products (Afprod) sugar and glucose mill would begin construction in October and was scheduled for completion early in 1997

It would have an initial capacity of 1 200 tons of glucose syrups, corn starch and animals feeds a day allowing Afprod to resume exports to Africa and the Far East They had been halted when domestic demand could not be met.

The plant would permit expansion to 3 000 tons a day It supplements expansion of the three plants at Germiston, Meyerton and Bellville to their maximum capacities.

Regarding the Maritzburg rolling mill, Saunders said the shareholders deal with Anglo American Industrial Corporation, (due to buy 20 percent), and the Industrial Development Corporation, (also buying 20 percent), was being finalised and would be effective from October 1

A key 10-year raw material supply agreement in which Hulamin would buy R1 billion worth of metal a year should be concluded by the end of August. "The contract was a major pre-condition because of the high proportionate cost of metal in the finished manufactured product," Saunders said.

Other issues still to be resolved lay with the department of trade and industry where it was hoped that a favourable ruling on the phasing out of tariff protection and support for investment incentives would emerge

'ISSUE OF INDUSTRIAL CITY DODGED'

Profits show mill 'could be moved'

CT 20/7/95 (89A)

APPROVING Iscor's project at Saldanha would be the first step towards creating an "Iscor industrial city", the Steyn inquiry was told yesterday. **CLAIRE BISSEKER** reports.

INCOME from spin-off industries and a projected profit of R500 million a year from the proposed Iscor steel mill invalidated Saldanha Steel's claim that the mill could not be moved 10km inland as this would mean a loss of competitive edge, a city lawyer told the Steyn inquiry yesterday

Mr Alastair van Huyssteen said Saldanha Steel had "expertly dodged" the most important issues in an attempt to push through the development of a mill that would ultimately turn the town of Saldanha into an industrial city

The Steyn board of inquiry was appointed by the Minister of Environmental Affairs and Tourism, Dr Dawie de Villiers, to investigate the proposed Saldanha Steel project

Mr Van Huyssteen said he had staked his entire estate on the Supreme Court application he brought which had halted Saldanha Steel's rezoning application and led to the creation of the board.

Excluded

Mr Van Huyssteen, who has a cottage near Saldanha, said Saldanha Steel had failed to disclose to provincial authorities that they had chosen the controversial site for the R4,7bn steel mill because of its potential for downstream industrial development

Information on potential spin-off industries had been "very expertly dodged" by Saldanha Steel, which had presented reports to provincial authorities knowing they excluded the broader impact of the proposed plant, he alleged

Giving the plant the go-ahead on the proposed site would be the first step towards the creation of "Iscor industrial city", he said

"My concern is the precedent created by putting up an iron ore terminal, a railway line, Namakwa Sands ... how far do we allow this to creep until we put our foot down?" Mr Van Huyssteen asked.

● The city branch of the environmental group Earthlife Africa yesterday expressed concerns about the transparency of the board of inquiry into the Saldanha steel mill project, in a letter to board chairman Judge Jan Steyn

N Cape calls again for steel mill

ET 21/7/95 (189A)

KIMBERLEY: Northern Cape Premier Mr Manne Dipico objected again yesterday to the proposed Iscor steel mill at Saldanha Bay and urged Iscor to reconsider locating the plant in his province instead.

The environmental outcry vindicated his province's position that alternative sites had never been considered, Mr Dipico's office said.

It intended to make written and oral submissions to the Steyn commission of inquiry that Sishen in the Northern Cape and not Saldanha offered a technically feasible and economically viable location.

There was also less potential for negative environmental consquences. — Sapa

Hostel to close after killings

(189A)

JOHANNESBURG Scaw Metals said yesterday it would shut its Germiston workers' hostel due to violence there

Workers' representative Mr Christopher Manyathi was killed by unknown assailants last Friday, the fourth man killed in two weeks

CT 25/7/95

Staff Reporter, Sapa-Reuter

SALDANHA POLLUTION THREAT

Iran oil deal slammed

(189A)

CT 31/7/95

FIRE FOAM: Saldanha's Port Captain Dave Duncan demonstrates a foam monitor on the oil jetty which discharges a water and foam mixture at 1 600 litres a minute to extinguish possible fires if oil spills in the bay catch alight Environmentalists claim the pollution risk from increased shipping if the Iranian oil storage deal goes through is unacceptably high, irrespective of anti-pollution precautions PICTURE. MELANIE GOSLING

ENVIRONMENTALISTS have called for the Steyn board of inquiry into the proposed Saldanha steel mill to extend its brief following the announcement of an oil storage deal with Iran. **MELANIE GOSLING** reports.

THE Strategic Fuel Fund's (SFF) proposed multi-million rand deal with Iran to store 15 million barrels of crude oil at Saldanha Bay has come under fire from environmentalists and the US government.

While the Steyn board of inquiry is hearing evidence on whether to give the green light to the controversial R4,7 billion steel plant at Saldanha, the SSF's proposal to store crude oil at SA's previously secret bunkers has drawn sharp fire from environmentalists who see the tripling of oil tanker traffic in the ecologically sensitive area as a serious risk.

Several have called for the Steyn inquiry to extend its brief.

Reports at the weekend said the US government was also putting pressure on SA to reconsider the deal, as SA was ignoring a request to all America's trading partners not to fill the void resulting from the US oil embargo on Iran.

National Parks Board chief Dr Robbie Robinson said he had asked the Steyn inquiry for permission to resubmit evidence

"I am devastated by the news . We have spent R30 million extending the West Coast National Park . and now the park is really threatened," he said.

The oil storage deal is likely to increase the number of tankers from 25 to 75 a year

Earthlife Africa has called for the oil importation business to be halted pending the findings of the Steyn inquiry

"There is no point in setting up a board of inquiry if another development right next door is given the green light and its environmental consequences ignored.

"The blatant disregard for the processes of the board of inquiry shows clearly the lack of weight that central government is attaching to its findings," the organisation said

Wildlife Society manager Mr Andy Gubb said the SFF had compromised the Steyn inquiry by keeping quiet about the deal until after the closing date for submissions

"The increased risk .. does not need to be spelt out Cape Town is still cleaning up after the oil disaster last winter The people of the Western Cape have both a right and a responsibility to ensure that their future is not compromised," Mr Gubb said.

SFF general manager Mr Kobus van Zyl has said he did not believe the increased shipping would pose any environmental threat. The SFF had handled 459 tankers in 19 years and there had been only eight pollution incidents in which 578 barrels were spilled.

SFF operational manager Mr Willie du Toit said the company had bought over R20m of equipment to deal with spills.

Every time a ship took on or discharged oil a 1 200m fence boom was put around it which could hold spills of up to 7 000 barrels. Equipment including three boats was stored near the oil jetty to recover any spilled oil.

● Mr Van Zyl will give evidence on the deal to the Steyn inquiry on Wednesday

THURSDAY
APRIL 13, 1995★

Saldanha: Parks chief takes stand

(189A)

CLAIRE BISSEKER
STAFF REPORTER

NATIONAL Parks Board executive director Dr Robbie Robinson is to speak against the controversial Saldanha steel mill before the government-appointed board of inquiry under Mr Justice Jan Steyn

Dr Robinson, who was censured earlier this year by National Parks Board chairman Mr Naas Steenkamp for criticising plans for the mill, said he had agreed to approach the board at the request of the Campaign for Saldanha.

Whether Dr Robinson makes his submission in the name of the National Parks Board or in his private capacity will depend on a meeting today with the acting chairman Mr Theuns Erasmus

Mr Steenkamp is on sick leave

Threat

CT 13/4/95

Dr Robinson said he thought his submission would have the "total support" of the board.

"I am very strongly against the development of the steel mill I spent a lot of my career developing the West Coast National Park and Langebaan Lagoon and I will outline the threat to that area which supports over 70 000 migratory waders," he said

"We should not jeopardise an internationally acclaimed wetland There is a universal management principle stating that an industry which doesn't have to be in a coastal zone should not be

"The area should be developed for eco-tourism

"I think the mill should be developed elsewhere Other sites have not been given serious enough consideration "

Competition Board delays action on Iscor's export deal

(1891)

CT (PR) 13/7/95

By Andy Duffy

Staff Writer

The Competition Board has granted the company opposing Iscor's planned joint export operation more time to compile its arguments against the deal

Pierre Brooks, chairman of the board, said Iscor's tie-up with Macsteel might be "inequitable", but the board had seen nothing so far that would persuade it to revoke the provisional clearance given to Iscor last week

MacDonald International Trading, the steel exporters based in Durban, outlined its case opposing Iscor's deal to the board on Monday and claimed that the deal could push it out of business

The board has given the company two weeks to build a detailed case

Brooks said that while he sympathised with MacDonald, it still had to convince him that domestic competition would be affected

"We're reserving judgment on this issue pending a more formalised submission," Brooks said yesterday

"The impression I get is that MacDonald would have to close down its business

"It might not be a question of competition, but there certainly is a case to be made that it might be inequitable But that's not a matter for our concern "

MacDonald International Trading, which exports steel to the Far East, is one of several steel merchants that will be cut out of Iscor's export efforts by the new operation

The new company, Macsteel International, will distribute around 2 million tons of Iscor steel a year

MacDonald was unavailable for comment yesterday

ALTERNATE SITES 'NOT VIABLE'

Threat to abandon steel mill

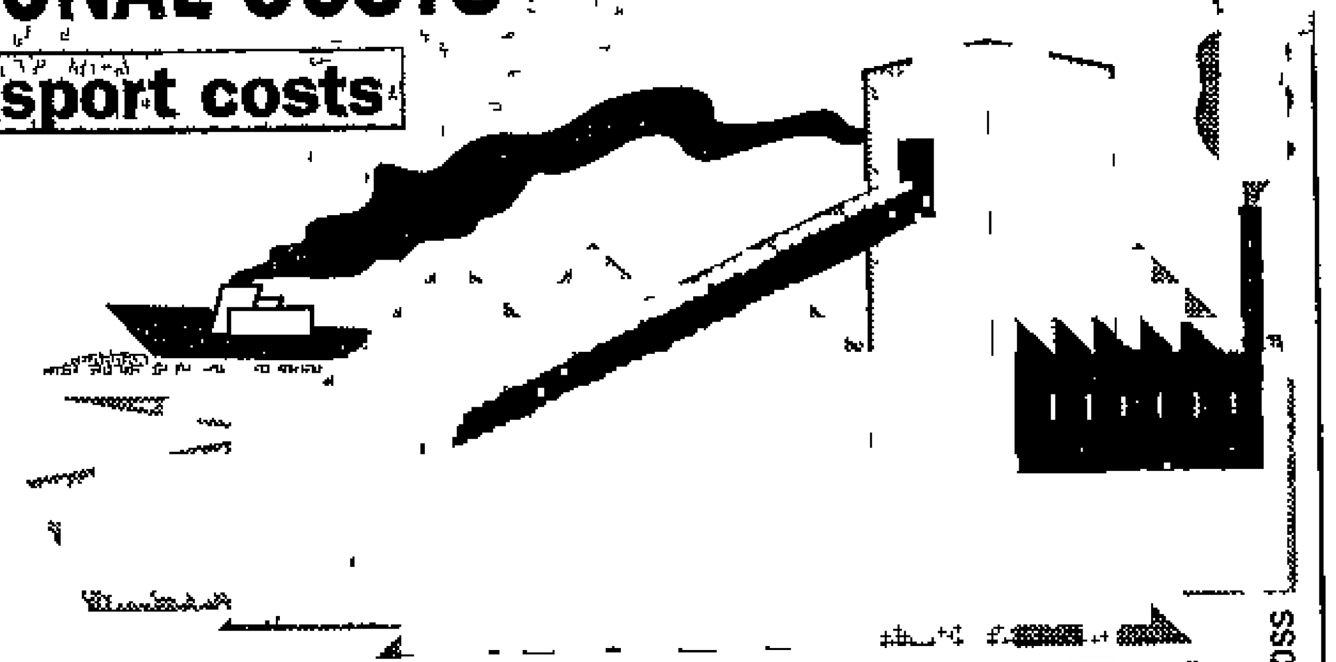
(189A)

CT 19/7/95

THE PROBE into the planned Saldanha mill has begun. **CLAIRE BISSEKER** reports.

SALDANHA STEEL MILL
ALTERNATIVE SITES: ADDITIONAL COSTS

Site	Additional Transport costs
Richards Bay	R72 million
Port Elizabeth	R138 million
East London	R138 million
Sishen	R30 million
Newcastle	R120 million
Gauteng	R120 million



Site	Additional Transport costs	Additional operating costs
Langeberg	R68,9 million	R46,6 million
Schouwtoneel	R129,4 million	R42,4 million

Matthys Moss

IF Saldanha Steel does not get the go-ahead to build the controversial steel mill near the Langebaan Lagoon, shareholders will be advised to abandon the R4,7 billion project

So said Saldanha Steel executive chairman Mr Bernard Smith, testifying before the Steyn board of inquiry which began in the city yesterday

Mr Smith said a study of six alternative sites conducted by Saldanha Steel between November 1994 and March this year showed that transport costs would increase by between R30 and R120 million if the plant was moved

But he acknowledged that the cost of complying with environmental criteria at the proposed site had not been included in the comparison

Saldanha Steel claims the most practical and cost-effective site is on the Yzervarkensrug farm about two kilometres from the Saldanha Bay harbour entrance and within sight of South Africa's only marine national park

Board chairman Mr Justice Jan Steyn said yesterday he would like Saldanha Steel's figures to be scrutinised by an independent auditor He questioned whether the company had concluded rightly that to move the mill inland would mean it was no longer viable

A graph supplied by Saldanha Steel claimed that if sited at Saldanha the mill would be one of the cheapest to operate in the world, and would still have a positive cash flow when half the industry was losing money

Mr Smith claimed that the mill would lose its competitive advantage if sited elsewhere He said if sited at Sishen, the mill would incur R30m additional transport costs as well as a further R56m a year in electricity charges

In Port Elizabeth and East London, the mill would also incur additional electricity charges of between R40 and R60m a year

He said Saldanha Steel had spent R51m on the project so far and expected to run up a further R23,8m over the next three months "I would advise shareholders not to move from Yzervarkensrug I don't think it would be built if it was not allowed on that site"

He said the advantages of the project include

- It would contribute significantly to the country's GNP as 70% of the R4,7bn total capital expenditure would be on South African products, it would yield R3,1bn in company tax and up to R1,8bn in foreign exchange
- Staff salaries would contribute R13m in taxes per year
- It would create 400 jobs
- Harbour traffic would increase
- A host of ancillary industries were likely to be established

'Close plant if we break agreement'

(189A) (BE)

SALDANHA STEEL says it is prepared to give opponents to its R4,7 billion steel mill project the legal authority to close it down if it repeatedly breached environmental regulations

Giving evidence before the Steyn board of inquiry yesterday, Saldanha Steel executive chairman Mr Bernard Smith said the authority would be vested in a private trust comprising mainly representatives from concerned individuals and organisations.

Trust

CT 19/7/95

Saldanha Steel would enter into a contract enabling the trust to act against the company if it breached environmental regulations based on Canadian legislation.

The operations of the trust and any legal costs arising from court actions would be met by Saldanha Steel, Mr Smith said

"There would be three to four levels of action If we breached the first level we would be given time to rectify it. If we breached the fourth level, they would be allowed to close the plant"

Inquiry head Judge Jan Steyn said he would study the proposal before commenting — Sapa

Oil tanker risk part of impact study

Environment Reporter

AN environmental impact assessment of Portnet's proposal to extend its general cargo quay at Saldanha Bay — partly to accommodate Iscor's proposed new steel plant — is to include a study of the risk of increased oil tanker traffic

This was evidence to the Steyn board of inquiry by Keith Wiseman of the Council for Scientific and Industrial Research (CSIR) 189A

Mr Wiseman, who was project manager for the CSIR's impact assessment of the proposed Saldanha Steel plant, is also managing the CSIR study of Portnet's proposal

He told the board he had been contacted by the Strategic Fuel Fund which manages the 19 million-barrel oil storage facility next to the Saldanha Steel property

The fund was considering commercialising the oil storage facility, although no contracts had been signed and no final decision taken yet

The fund had asked for the risk of increased tanker traffic associated with the proposed commercialisation to be included in the overall Portnet assessment

Last year, a total of 225 vessels had docked at the Saldanha quay ARG 20/7/95

These included 12 general cargo vessels

When the Saldanha Steel plant was producing its full 1,25 million tons of hot rolled coil steel annually, a further 60 vessels a year would use the general cargo quay

A draft impact assessment report, including an assessment of dredging and blasting, was expected to be ready by the middle of next month.

(189A)

ARG 21/7/95

Saldanha steel mill probe slammed

□ *Earthlife questions board's composition*

JOHN YELD
Environment Reporter

THE environmental group Earthlife Africa has hit out at the Steyn board of inquiry into the proposed R4,6 billion steel plant at Saldanha Bay, saying concerns about the board's composition have not been addressed

In an open letter to board chairman Jan Steyn, the group also alleges certain parties appear to be favoured over others, and that because the board's hearings are during office hours, the inquiry is not fully accessible to the public

Mr Steyn confirmed getting Earthlife's letter and said he would reply, although he would not release his response as he did not want to conduct a debate through the media

But he said many of the allegations "do not accord with the facts" and he found it "extraordinary" that an organisation professing to have a vital interest in the issue had not even managed to register at the start of the inquiry

The inquiry was "as fair and open and participatory as possible", Mr Steyn said

Earthlife's letter said the history of the Saldanha Steel Project had been characterised by a lack of openness and transparency, and superficial public participation

"From the outset, the original environmental impact assessment is missing vital data requested from Iscor on several occasions but not forthcoming

"It is our understanding that no record of decision was made public, a standard procedure in the integrated environmental management (IEM) process"

Earthlife had raised concerns about the composition of the board, "both in terms of existing members and people we feel need to be co-opted to it

"These have yet to be addressed"

The board was discussing matters with legal representatives to the exclusion of those interested and affected parties which did not have legal representation, Earthlife's letter stated

Also, the process the board was following in conducting the hearings had been determined unilaterally

To make its proceedings accessible to the public, the board should *inter alia*

- Provide each interested and affected party with a transcript of the previous day's proceedings, if requested,
- Continue to allow written questions,
- Hold proceedings at a time of day suitable to all parties, "or at least agreed after consultation with all parties",
- Allow cross-examination on substantive issues at the end of all the submissions

"As we are all aware, this board is setting a precedent which will affect future large-scale industrial development in South Africa

"These issues have been raised in the interests of ensuring that such a precedent is sound," Earthlife's letter stated

The inquiry continues today

New twist to Saldanha saga

(189A)

ARG 22/7/95

JOHN YELD
Environment Reporter

The inquiry into the controversial proposal to develop a new steel mill at Saldanha Bay, which started in Cape Town this week, took a new turn following the disclosure that the Central Energy Fund had negotiated a contract to store 15 million barrels of Iranian oil at its Saldanha Bay facility next to the proposed steel-mill site. Objectors told the inquiry all development in the area — including the oil-storage facility and proposals to extend the Saldanha quay — must be taken into account.

THE announcement by the Central Energy Fund that it has negotiated a contract to store 15 million barrels of Iranian oil at the Saldanha Bay oil-storage facility is "an extraordinary state of affairs"

So says the chairman of the board of inquiry into the proposed steel plant at Saldanha, former Supreme Court judge Jan Steyn, who has queried the lack of opportunity for public comment on that decision

Also, an attorney giving evidence to the Steyn inquiry suggested the oil contract may be in conflict with the Ramsar Convention on wetland protection, to which South Africa is a signatory, and could therefore be challenged legally

Mr Steyn's remarks came yesterday during the third day of oral evidence to the board, which was appointed by Environmental Affairs Minister Dawie de Villiers in terms of the Environment Conservation Act

It is the first time such a board has been constituted

On Wednesday the board heard evidence from Keith Wiseman of the Council for Scientific and Industrial Research (CSIR)

He said he was project manager of an environmental impact assessment of Portnet's proposal to increase the size of its general cargo quay at Saldanha Bay — partly because of the proposed Saldanha Steel project

He had also been contacted by the Strategic Fuel Fund and requested to increase the scope of their study to include an assessment of the risk of increased oil-tanker traffic if the oil-storage facilities at Saldanha Bay were commercialised

Mr Wiseman testified he had been told no final decision had been made regarding the commercialisation of the oil-storage facility and that no contracts had been signed

Their draft study for public comment was unlikely to be completed before the middle of August at the earliest, he said

But a report late on Thursday which quoted Central Energy Fund managing director Kobus van Zyl as saying the deal to store oil at the Saldanha Bay facility could be worth more than R50 million, said the first shipment of oil was expected in August

This report was raised during yesterday's proceedings of the board of inquiry, and Mr Steyn's remarks came during discussion about the role of public participation in proposals such as the steel plant and the compiling of area structure plans

He noted that the steel plant application had generated great public interest

But the announcement that the oil facility would be used commercially had been done without any opportunity for public participation or involvement by concerned people

Earlier, attorney and Langebaan lagoon property owner Alastair van Huysteen suggested to the board the oil contract with Iran implied a possible pollution threat — partly because the world's oil tanker fleet was ageing — and could therefore be in conflict with the Ramsar Convention

A substantial part of Langebaan lagoon — including several islands in Saldanha Bay — is registered as a Ramsar site

Because South Africa was already a signatory to this agreement, the oil-storage contract could probably be challenged legally Mr Van Huysteen said

Last month Mr Van Huysteen brought a Supreme Court application asking for the establishment of the board of inquiry and for a temporary interdict against the provincial authorities from granting Saldanha Steel s rezoning application until the board has completed its investigation

Yesterday he told the inquiry the cumulative impact of secondary or downstream, development associated with the proposed steel plant and the required deepening of the harbour area could not be viewed separately from the steel plant application

There had been no holistic assessment of the area

"The Ramsar Treaty talks about 'creeping development' and this is what's happening if we don't stop this it's going to creep further and further," Mr Van Huysteen said

He submitted documents to the board which included internal memos from the Department of Environment Affairs, released to him because of freedom of access to information guaranteed by the interim constitution

One of the memos included comments by a department official, a Mrs Swart, on the Council for the Environment's report, which effectively endorsed the CSIR's environmental impact assessment report

She wrote "I am disappointed with the Council for the Environment report Because certain decisions had already been taken by Iscor, the so-called impact study was then in effect just a report in which certain mitigatory measures were proposed

"The fact that it was stated that this was an impact assessment report based on the principles of integrated environmental management (IEM), makes this study laughable (belaglik), particularly also if seen in the context that 'alternatives' (sites) which were considered in an earlier study were only considered on grounds of economic viability"

Mr Van Huysteen also referred to an interview in SA Mining magazine in which Iscor managing director Kevin Robertson was quoted as saying Saldanha Steel's income would be essentially that of Iscor's Vanderbijl Park steel works which were being closed, but that the profit margins would be different

Iscor is a 50 percent shareholder in Saldanha Steel

Since then Iscor had denied any link between the two operations, Mr Van Huysteen said

He asked whether Saldanha Steel had disclosed the link suggested by Mr Robertson's remarks to the Receiver of Revenue when sucessfully applying for a tax concession — worth between R500 million and R1 billion — in terms of Section 37E of the Income Tax Act

Pictures JOHN YELD The Argus.

FIRE CONTROL: Saldanha Bay port captain Dave Duncan stands in front of one of the oil jetty's four overhead fire-fighting monitors which deliver a foam-seawater mixture

"NO POLLUTION PROBLEMS": Strategic Fuel Fund general manager Kobus van Zyl watches a demonstration of fire-fighting and oil containment equipment at the oil jetty on the Saldanha Bay quay

Inquiry to hear of oil deal

□ *Iscor probe to focus on huge trade deal with Iran*

ARGT 28/7/95 (189A)

JOHN YELD
Environment Reporter

THE Strategic Fuel Fund is to present evidence about a proposed joint venture with Iran to the Steyn board of inquiry next week

The board has been appointed to investigate the proposed R4,7 billion steel plant on a site adjacent to the fuel fund's oil storage facility Last week chairman Jan Steyn described the Iranian contract — under which the SFF would trade 15 million barrels of oil from its 45-million-barrel oil storage facility at Saldanha Bay — as "an extraordinary state of affairs", and queried the lack of opportunity for public comment on it

But fuel fund general manager Kobus van Zyl told an on-site media briefing yesterday he would give evidence to the board next week, and that the Iranian contract had not yet been finally concluded

UNDERGROUND STORAGE: A bird's-eye view of the vast oil storage facility at Saldanha Bay. The six tanks, each 240 m x 240 m and 31 m deep, have a total capacity of 45 million barrels (7,2 billion litres) of crude oil Picture CHARL PAAUW

He said he expected to sign the deal — which was probably worth at least R50 million a year to South Africa — within a month

He was adamant that neither the existing six-tank facility — started in 1976 and completed in 1982 — nor the increased tanker shipping required for commercialisation of the facility, posed any environmental threat

"We've treated the environment in the past with the necessary respect and responsibility," Mr van Zyl said

He was not aware of any environmental impact assessment at the time of construction of the oil storage facility, and agreed that the Iranian contract would probably be concluded before the final impact assessment report on increased tanker traffic in Saldanha Bay, currently being undertaken by the Council for Scientific and Industrial Research (CSIR)

But it would have been "criminal" for the Steyn board of inquiry not to have known about the Iranian contract, which would see annual tanker traffic in the bay increase from 25 to 75 VLCCs (Very Large Crude Carriers) of up to 250 000 tons deadweight, Mr Van Zyl said

This was why he had last week released a statement about the contract

Mr van Zyl said he had been "summoned" by Mr Steyn after his statement and that he would give evidence to the board when it sat in Saldanha Bay next week

The board would also visit the oil storage facility

In 19 years, there had only been eight pollution incidents at the facility

"I think this is an excellent record," Mr van Zyl said

The environmental-impact assessment commissioned by the Strategic Fuel Fund was not the same as that commissioned by the Saldanha Steel project, Mr van Zyl said

"Our business is the shipping business — we're in no way a threat to the land — and for that reason Portnet is closely involved (in the study)."

New figures sought in Saldanha Steel wrangle

ARG 20/7/95 (SSK) (189A)

Independent financial fundis brought in to do the arithmetic

JOHN YELD
Environment Reporter

INDEPENDENT financial experts are to check Saldanha Steel's figures to verify the steel producer's claim that it cannot profitably build its proposed steel plant anywhere other than at the preferred site at Saldanha Bay.

Also, the company has been asked to urgently produce a draft outline of its proposed trust to monitor production at the new steel plant and a document outlining changes like new safety and mitigatory measures to which it has agreed.

The company has proposed that the trust will have the legal authority to close the steel plant for repeated violations of anti-pollution standards.

These were two of the points to emerge yesterday during the second day of oral evidence to the Steyn board of inquiry into the proposed steel plant and related issues.

The board, headed by former Supreme Court judge Jan Steyn, was appointed by Environmental Affairs Minister Dawie de Villiers in terms of the Environment Conservation Act

It is hoping to complete its investigation by the middle of next month.

Yesterday, Mr Steyn announced that Clive Hirschsohn, former managing director of the Foschini Group, and Gerhard Krone, retired chairman of accounting firm Pim Goldby, had agreed to review Saldanha Steel's figures relating to the cost of moving the proposed steel plant to an alternative site about 10km to 15km inland

The company has said the move would cost about R50 million a year extra, mainly for transport, and that this would put the project at risk if there was a downturn in the highly competitive international steel market in the short-term

Mr Steyn said yesterday the two financial experts would start work next week

The appointment was not a reflection on financial evidence by Saldanha Steel executive chairman Bernard Smith, but the board believed it was necessary to obtain an objective view of the figures relating to the cost differentials between the two sites

"There is always a subjectivity that creeps in to these things," said Mr Steyn.

Also, there had been "very considerable change" in Saldanha Steel's proposal since it applied formally for a rezoning in January Mr Steyn was concerned that objectors would not be aware of additional safety, precautionary and mitigatory measures to which the company had agreed.

These measures could change or even eliminate some objections, said Mr Steyn.

He therefore wanted the changes to be put into a "digestible format" to see to what extent disputed issues could be reduced

Mr Steyn also asked Saldanha Steel to produce a preliminary draft of its proposed trust to monitor the new plant's operation

That would be "very helpful to us" and would demonstrate the company's *bona fides*

"I'm looking for something so that people can have a handle on what it (the trust) means," said Mr Steyn

Mr Smith said there would be four levels of environmental monitoring at the proposed plant By the company itself because of its corporate philosophy, by a monitoring committee, by the proposed trust and by government departments.

It also would adopt the International Standards Organisation's standards for environmental performance, ISO 14 000

"We are preparing to be totally open about all these monitoring activities," he said.

On Tuesday, toxicologist Ockie Fourie testified that three examples of slag from Iscor's steel-making operations, similar to those expected to be produced at the new plant, had proved non-toxic to groundwater, the lagoon and Saldanha Bay under "worst-case" scenario testing.

It was normal for these heavy metals to accumulate in marine organisms, but concentrations would be so low as to be insignificant, he said

● The board sits again tomorrow in the Supreme Court building.

Speedy verdict crucial — Iscor

ARG 19/7/95 (189A)

JOHN YELD
Environment Reporter

A DECISION must be taken on Iscor's proposed R4,7 billion steel plant at Saldanha Bay by the end of August, otherwise there will be a "very real" financial impact on the project

This was the testimony of Saldanha Steel executive chairman Bernard Smith to the Steyn board of inquiry which is sitting in the Supreme Court this week

The board was appointed by Environmental Affairs Minister Dawie de Villiers in terms of the Environment Conservation Act, following increasingly strong opposition to the proposed project

It is headed by former Supreme Court judge Jan Steyn, and the other members are University of Cape Town environmental professor Richard Fuggle and environmental adviser Rufus Maruma

At the start of the inquiry yesterday, Mr Steyn said there had been questions about Professor Fuggle's fitness to serve on the board because of his previous involvement with the impact assessment by the Council for Scientific and Industrial Research (CSIR)

But this had been in a professional capacity relating to the study and Professor Fuggle had not been involved in any decisions leading from it

"He is not disqualified but is eminently qualified Speaking for myself, I think we are really fortunate to have someone of his stature," Mr Steyn said

Mr Smith testified that the project would generate R3,6 billion in corporate tax in real terms, and R46 million a year in local and regional taxes, and would buy coal valued at R100 million each year, as well as power from Eskom

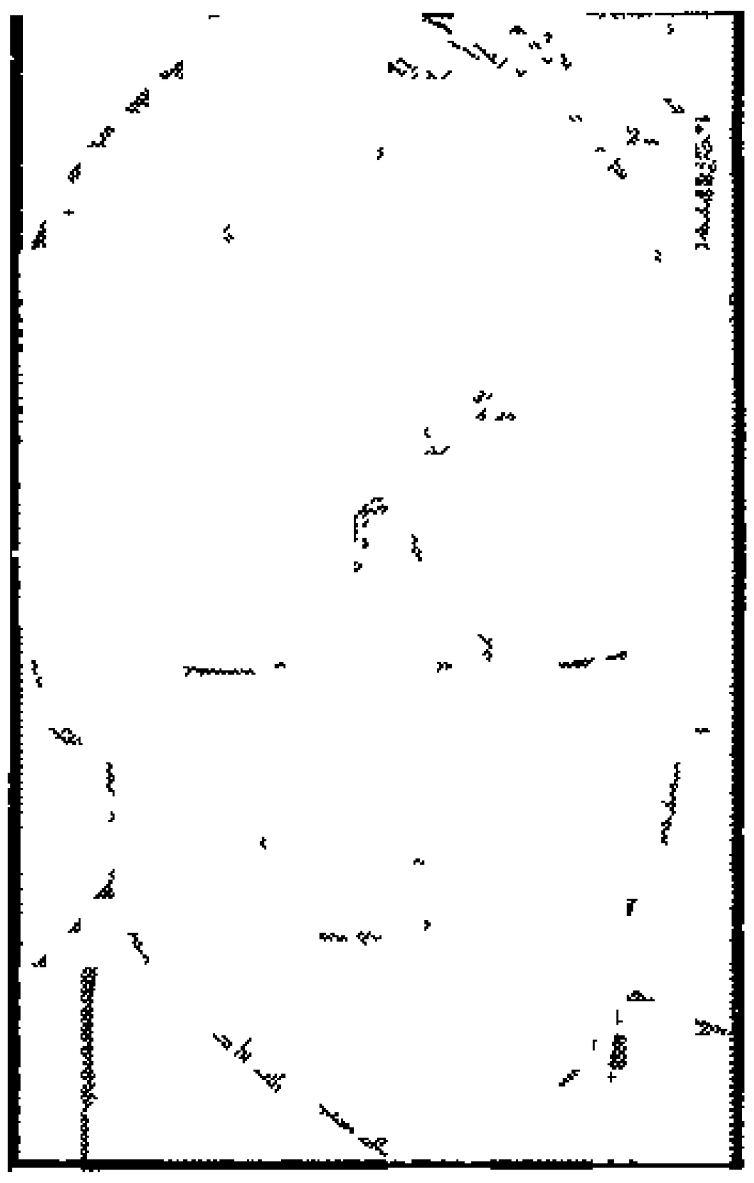
"There is a very real impact on the country from a development like this project"

Saldanha Steel had already spent R51 million and would spend another R23,8 million by the end of September

A study of international projects had shown that where delays had been caused by "quasi-government" activities, including environmental assessments, capital costs could increase by a factor of 1,8 — "and that's what drives my concern", he said

The company hoped to place orders for major items of equipment by September

"Hence my plea to the board to complete its work as expeditiously as possible," Mr Smith said



Mr Jan Steyn

Alex Holmes, Saldanha Steel's manager of energy and environmental affairs, testified they had decided to remove from the site 26 tons of sludge containing heavy metal residues generated each day

This was because of the possibility that the heavy metals could eventually contaminate Saldanha Bay

The decision to remove the sludge to the Class 1 waste facility at Vissershok outside Cape Town was "an important gesture from our side to satisfy the concerns of the mariculture industry"

He said Iscor would probably help to develop a new Class 1 waste facility site, closer to the proposed steel plant

Iscor had also decided to use treated sewage effluent from the area which was presently being released into Saldanha Bay where it was causing problems

The company would therefore be helping to keep the bay clean, Mr Holmes said

Analytical chemist and air pollution specialist Nico Boegman, who served as South Africa's chief air pollution control officer for a decade during the 1970s, said he had conducted a study of the potential dust and air pollution of the proposed steel plant as part of the CSIR's environmental impact assessment of the proposal

There could be "reasonably high" dust deposits close to the point of origin on the proposed site of the steel plant, particularly when the wind was strong

But this dust concentration would diminish rapidly and would be low — according to the Department of Health's classification — by the time it reached the boundary fence.

(Proceeding)

New steel plant: Board of inquiry hears evidence

(189A)

ARG 18/7/95

Environment Reporter

THE structure plan for the Vredenburg-Saldanha Bay area, which Iscor relied on heavily in its rezoning application for a new steel plant, was not specifically focused on the environment, the Steyn board of inquiry heard today

The board, appointed by Environmental Affairs Minister Dawie de Villiers in terms of the Environment Conservation Act, is headed by former Supreme Court judge Jan Steyn

Sitting in the Supreme Court, it took oral evidence for the first time today and will continue to hear evidence until Friday.

It will then adjourn until July 31 for an on-site inspection and further evidence at Saldanha Bay

In an opening statement, Mr Steyn said he and fellow board members Richard Fuggle and Rufus Maruma appreciated the many quality written submissions they had received

The board had determined eight main areas — a "provisional emphasis framework" — it wanted to be informed about.

- The preferred location, as well as possible alternatives, for the proposed steelworks
- The extent and nature of tourist-related facilities in the region
- The extent of mariculture (mussel and oyster farming) in the bay and lagoon.
- The boundaries of the area subject to the Ramsar Convention (on the protection of wetland areas, to which South Africa is a signatory).
- Current activities and controls in the area under Portnet's jurisdiction.
- Proposed extensions to Portnet's acitivities
- Current and future activities and controls concerning the movement and storage of petroleum products
- The extent and nature of civic infrastructure to support the proposed industrial expansion

The first witness was town and regional planner David du Plooy of the firm of consultants which submitted the rezoning application on behalf of Iscor in January.

He told the board that a first structure plan for the area had been prepared in 1975 and a second had been approved by the Cape provincial administration in March last year

In terms of these structure plans, Iscor's property was designated for heavy industry, although it was zoned agriculture.

Questioned by Mr Steyn, Mr Du Plooy said structure plans were not specifically focused on environmental issues

"A generalised assessment is made of the area it's more of an overall assessment, if you will"

Although the nature of public participation in planning had changed considerably since the 1970s and '80s, the public would have known about a possible steel plant on the proposed site since 1975 "Absolutely," Mr Du Plooy said

(Proceeding.)

Sugar's prospects for expansion sweet indeed

ARG 29/7/95 ~~SUGAR~~ (189A)

JOHANNESBURG. — Tongaat-Hullett's expansion projects and performance were on track and the group could expect strong growth for the year, according to group chairman Chris Saunders.

Speaking at Tongaat-Hullett's annual general meeting, Mr Saunders said, "we confidently expect to achieve our objective of real growth in earnings per share, and attributable profits this year should show an improvement of at least 25 percent over last year"

"Earnings for the first quarter of the financial year reflect a satisfactory improvement over those of the first quarter last year," he said.

In yesterday's statement he said the board of Tongaat-Hulett had approved the Afprod's greenfields project, to be located east of its Meyerton factory.

Work on the new facility would begin in October and was scheduled for completion in early 1997

The plant would have an initial capacity of 1 200 tons of glucose syrups, corn starch and animal feeds a day and would enable Afprod to resume exports to Africa and the Far East, which were suspended when local demand caused capacity constraints.

"This development supplements expansion of the three plants at Germiston, Meyerton and Bellville to their maximum capacities," Mr Saunders said.

Final approval for the planned R1,75 billion expansion of the rolled products and extrusion operations of Hullett Aluminium in Maritzburg would be given probably within three months.

The statement said Anglo American Industrial Corporation would acquire 20 percent of the project and the Industrial Development Corporation 30 percent with effect from October 1, subject to the finalisation of shareholder agreement.

A ten-year raw-materials supply-agreement was expected to be concluded by the end of August. The contract was a major pre-condition to the project because of the high proportionate cost of materials in the finished manufactured product, the statement said.

The project would enable Hullett Aluminium to meet local demand for rolled products for the next 15 years, Mr Saunders said.

Addressing sharholders and staff after the meeting, group managing director Cedric Savage said the group's strategies for sustained real growth in earnings were working and all divisions had improved their results.

— Sapa.

Steel mill: Both sides will benefit from inquiry's wide brief

GREEN SCENE

John Yeld

THE drama unfolding around the controversial steel mill proposal at Saldanha Bay has taken an altogether happier turn (although Iscor would probably disagree strongly)

It's not exactly comedy yet but there has been some relief, and the players can take off those tragic masks — at least for the present

It might have taken some strong prompting — there are those who would say threats — to persuade Environmental Affairs Minister Dawie de Villiers to exercise his prerogative and appoint a board of inquiry, but that process is now firmly under way

Chairman Jan Steyn has promised an entirely open and transparent investigation, and his board has an exceedingly wide brief

Among other things, it must advise Dr De Villiers on "any other issue which in its opinion is a relevant consideration in the evaluation of the matter"

Now there's an open invitation for you

Those strongly opposed to the planned steel mill should welcome the board's hearings as a public platform — probably the most spacious and prominent one they're ever likely to get — on which to air their views and strut their stuff

Naturally, that applies equally to the protagonists of the scheme (of whom there are many), and these players will no doubt also be speaking their lines just as forcefully

I do not agree with those who object to the presence of Rufus Maruma and Richard Fuggle on the board of inquiry.

In the case of Mr Maruma, the objection — based on the fact that he worked for Eskom, which stood to gain from putting in power-lines to the proposed plant — is facile

Eskom is a non-profit parastatal, and any "profit" it makes will — or at least should — go towards making the organisation more able to provide power in those vast areas of the country still without electricity

In any event, my understanding is that Mr Maruma is no longer directly employed by Eskom, but works as environmental adviser to the premier of the Northern Province

Professor Fuggle may well have been party to compiling the report of the Council for the Environment which, in essence, gave the nod to the CSIR s environmental impact assessment of Iscor's proposed plant ARG 3/7/95

As such, he might be inclined to view the project favourably — at this stage

But who is entirely neutral who could take his place?

Trying to find someone suitably qualified but without at least an initial opinion on the matter could result in a tortuous, drawn-out affair, rather like the jury selection for the "O J" murder case

What is more important is whether one considers Professor Fuggle to have sufficient integrity to be willing to consider all new or previously unavailable information and, if persuaded, to change his mind — and I have no doubts on that score

What those opposed to Professor Fuggle's presence should do instead is accept the challenge of proving the earlier assessment of the Council for the Environment faulty, if that's what they believe

By the same token, Dr De Villiers may well have added one or two board members from the "non-establishment" environmental lobby to provide a balance

(189A)

And if he doesn't want to now, perhaps the board should itself decide to co-opt others who may hold contrary views (although they too will need to acknowledge the possibility of being persuaded to a different view)

Personally, I think all available time and energy should be concentrated on ensuring that Langebaan Lagoon and Saldanha Bay (if one can distinguish between the two) are not ever put at risk — by any development

And for me, that includes the much more horrifying spectacle of increased oil tanker traffic in the bay, through the lease of the oil storage facilities next to Iscor's proposed site to foreigners

Now that's an issue that *really* needs to be tackled head-on — and soon

● John Yeld will be on leave for the next three weeks This column will resume on his return

Saldanha steel hearings begin

(SB) (169A) ARG 15/7/95

■ Crucial hearings begin next week on whether the controversial Iscor steel project gets the go-ahead.

ADELE BALETA
Staff Reporter

JUDGE Jan Steyn has been inundated by a mountain of written evidence and submissions on the controversial Saldanha steel project in the run-up to next week's hearings on the controversial scheme.

But the substantial volume of written evidence, which he says "means lots of work", has not affected his humour "You must come and see, you won't be able to get into my office, let alone a photographer," he said

Judge Steyn is chairing the board of enquiry into the project, appointed by Minister of Environmental Affairs and Tourism Dawie de Villiers. The board will sit in Cape Town from July 18 to 21 and meets in Court 19 of the Cape Town Supreme Court.

"The quantity of written evidence we have received enhances the open, participative nature of the enquiry," said Judge Steyn.

Richard Fuggle, professor of environmental studies at the University of Cape Town and a member of the advisory board, and the Judge began to wade through the material yesterday

"We are very grateful that people have responded," he said

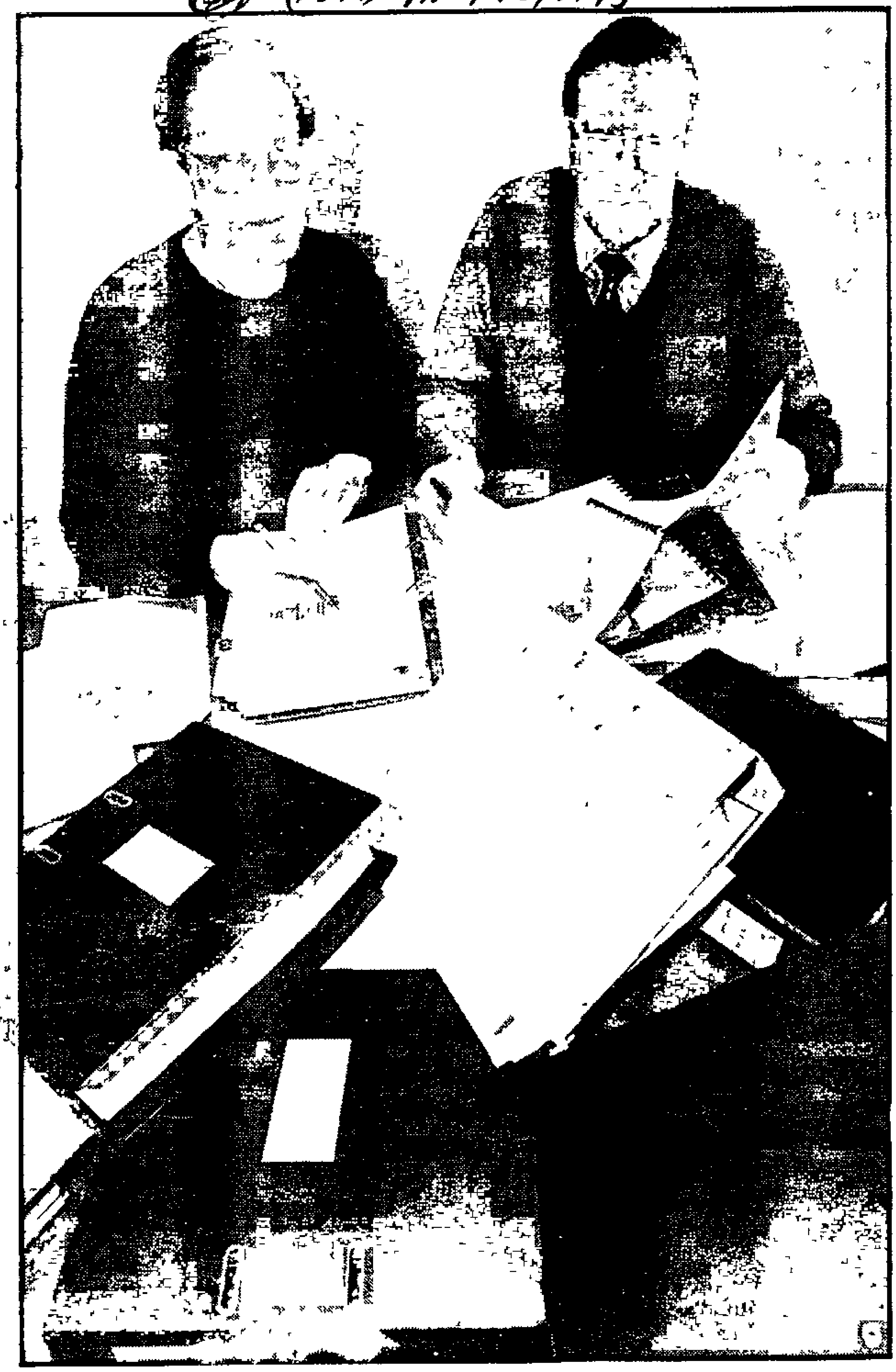
Depending on the progress made during the hearings and the convenience of those involved, the board intends sitting in Saldhana Bay from August 1 to 3

A venue in the coastal town will be announced next week. The hearings, in Cape Town and Saldanha, will begin at 9 am

Judge Steyn has indicated that further meetings will be scheduled if necessary

Oral evidence to supplement written sions should be completed by mid-

Judge Steyn said that although July 14 was the closing date for written submissions to the board, late submissions would be considered on their merits No submissions would, however, be accepted after July 31



Picture HANNES THIART, Staff Photographer

□ **HARD WORK:** Richard Fuggle, left, and Jan Steyn get to grips with heaps of written evidence on the Saldanha steel project

Tongaat-Hulett shareholders approve cash-raising scheme

BD 31/7/95

(189A)

Nicola Jenvey

DURBAN — Food-based Tongaat-Hulett should show a 25% improvement in attributable profit this year as first quarter earnings reflected a "satisfactory" rise, chairman Chris Saunders said at the AGM.

Saunders told the meeting the board had approved the R600m African Products (Afprod) greenfields project at Meyerton.

Work would begin in October and was scheduled for completion in early 1997

The starch and glucose plant would have an initial daily output of 1 200 tons and would enable the group to resume exporting to Africa and the Far East Design would allow for expansions up to 3 000 tons a day

Saunders said final approval for the R1,75bn expansion of Hulett Aluminium in Maritzburg would be given once preconditions were met This was expected to take another three months

The preconditions included investment incentives, the rate at which tariff protection would be phased down and a R1bn-a-year raw material supply contract with Alusaf

At a general meeting which followed the AGM, shareholders authorised the directors to place for cash up to 10% of Tongaat's shares in any one year — with no more than 15% over three years — to help fund the aluminium project

Saunders said the group was in a "sound financial position" and capable of accepting additional borrowings However, it would not allow the debt-equity ratio to exceed 40%

Current projections indicated borrowings would not exceed 25% over the next decade should both projects come on stream

EXECUTIVE SUITE

By William Wells

Russian comment 'unlikely to affect aluminium price'

(189A) BD 20/7/95

Michael Urquhart

A COLLAPSE of the aluminium Memorandum of Understanding (MoU) — the producer agreement which has limited world supply of primary aluminium — will have little impact on aluminium prices, analysts say

They were reacting yesterday to a comment by Russian deputy prime minister Oleg Dadyvov that as far as Russia was concerned the MoU was no longer in place

This was not expected to have a long-term effect on the price of the metal One analyst said the possible collapse did not really matter as the MoU was falling apart anyway because of market forces

There was some doubt also whether the fall in Russian production since the signing of the MoU had been voluntary or due to technical factors

The fundamentals in the market had changed totally since the agreement was signed more than 18 months ago At that time the aluminium price was in the region of $1 200/ton Now it was closer to $1 800/ton

Over the same period aluminium stocks on the London Metals Exchange have fallen from 2,6-million tons to their current 660 000 tons One analyst said demand had increased to such a degree there was talk of restarting mothballed capacity

Demand was expected to increase 3% until the turn of the century The analyst said one of the major factors driving increased demand for aluminium was that it was a recyclable, environmentally friendly metal

The only new capacity coming on stream in the next 18 months to two years was Alusaf Hillside smelter, which would come into full production next year.

Iscor and Bateman to build Saudi mill

(189A)

Marcia Klein BD 26/7/95

ISCOR and Bateman Minerals & Industrial have reached agreement with a Saudi Arabian company to build a steel mill at the Saudi city of Damman

Iscor said the mill would have a capacity of 250 000 tons a year and would produce cold-rolled, galvanised and pre-painted sheets

Industry and market estimates of the cost of the mill ranged from about R350m to R1bn, but Bateman Minerals & Industrial business development executive director David Macnamara said the scope and size of the project "is yet to be determined in any detail"

Iscor said the SA consortium had signed a protocol of intention with the Al-Shamrany Industrial Group to build a cold-rolling mill at the Jubail Industrial City

Iscor spokesman Neels Howatt said Bateman would construct the mill, while Iscor would assist in setting up the mill by offering the Saudi company technical expertise and training to operate and manage the mill.

Further details have not been given but sources close to the deal said Iscor would obviously hope to supply hot-rolled coil to the mill and possibly play some part in selling the product through its international trading joint venture with Macsteel

Howatt said a formal agreement would be signed within 90 days This would be followed by a pre-implementation study of six to eight months and final decisions on funding Construction would start towards the second quarter of next year and the mill would be commissioned towards the end of 1997

Investment promotion director for the king's royal commission for Jubail and Yanbu Yousef I Al-Mubarak said the project had been sanctioned and a site had been allocated The project was regarded as of strategic importance to Saudi Arabia.

Al-Shamrany Industrial Group chairman Mosfer Al-Shamrany said his group had approached an SA consortium as it was looking for "a technically advanced company with the ability to transfer technology in the fields of iron and steelmaking and I believe Iscor is that company"

Iran to store oil at Saldanha facility

Mungo Soggot (189A) (26)

SA HAD struck a deal with the Iranian government to store 15-million barrels of Iranian oil at the oil storage facilities in Saldanha Bay, Central Energy Fund MD Kobus van Zyl said last night

The deal followed Cabinet's decision to cut SA's strategic oil stock built up during the sanctions era BD 21/7/95

The move "could generate upwards of R50m a year for the local economy through trading on the world market". Econometrix economist Tony Twine said this implied that the CEF had "some kind of lien" over the Iranian oil which CEF would be able to trade Van Zyl could not be reached to elaborate on his statement. It is understood that the CEF would also earn rental income from the deal

The joint venture would be signed at the month-end The sale of oil stocks to free up space for the Iranians had raised R750m

Van Zyl said the storage of oil was not intended to contravene current US sanctions against Iran "The US sanctions simply prevent American companies and their subsidiaries from trading with Iran"

Twine said the Iranians' motivation for the deal was probably to give them quicker access to European markets during times of sudden shortage

Van Zyl said the first oil delivery was expected in August

Saldanha Steel proposes mill watchdog

(189A) (56) BD 19/7/95

CAPE TOWN — Saldhana Steel says it is prepared to give opponents of its steel mill project at Saldhana Bay the legal authority to close it down if it repeatedly breaches environmental regulations

Sapa reports that Saldhana Steel executive chairman Bernard Smith told the Steyn board of inquiry yesterday that this authority would be vested in a private trust consisting of representatives from concerned individuals and organisations

Saldhana Steel would enter into a legal contract with the trust which would give it the power to take action against the company if it breached self-imposed environmental regulations modelled on Canadian legislation The operations of the trust and any legal costs arising from court actions which it might undertake against Saldhana Steel would be met by the company

"There would be three to four levels of action If we breached the first level, say with dust, we would be given a period of time to rectify it If we breached the fourth level, they would have the ultimate sanction of closing the plant," Smith said

Judge Jan Steyn, who is heading the three-man board of inquiry appointed by Environment Minister Dawie de Villiers to investigate the project, said he would need to study the proposal before commenting

Edward West reports that Steyn said the board of inquiry was considering appointing an independent study into the operational costs and possible alternative sites for the plant

The board began its first day of inquiry yesterday with evidence from a number of specialists representing the Iscor and Industrial Development Corporation joint

Continued on Page 2

Saldanha

(189A) (56)

Continued from Page 1

BD 19/7/95

venture, Saldanha Steel.

Steyn said the board would hear evidence until Friday and then adjourn until July 31 for an on-site inspection and further evidence at Saldanha Bay.

He outlined a number of issues to be tackled by the board initially.

These included the preferred location and possible alternative locations; the extent and nature of tourism facilities in the area; the extent and effect on mariculture; the impact of secondary industry, water, dust air and visual pollution and the impact on the Ramsar convention. Other related issues were the oil storage facilities nearby, the controls and activities of Portnet in the area and the future extension of Portnet activities.

Energy and environment affairs manager Alex Holmes told the commission the water affairs department had assured Iscor there would be no shortage of water for the plant from the Berg River and from a big subterranean source east of Saldanha.

The use of an air cooling system instead of the originally envisaged water evaporation system would reduce the water usage from the Berg River by half. This would make a big difference to the river during drought, said Holmes. Hazardous waste would be disposed of at waste disposal sites to prevent heavy metals from getting into the groundwater system and affecting mariculture

About 90% of the 706 tons of corex slag produced by the plant every day would be sold for use by the cement industry, while the rest would be used for dust control and later transported to a waste disposal site.

Former national air pollution control director Nico Boegman, who was asked by the CSIR to study dust emission for Iscor's environmental impact assessment study of the plant, said all his assumptions, based on worst-case scenarios, indicated emissions well below national and international standards. "I could not find a single cause for concern," he said.

Toxicology expert Ockie Fourie said the three types of possible waste slags at the plant, if disposed of on site, would not have a detrimental effect on groundwater in the context of marine and mammalian life.

● See Page 3

Independents will assess mill's costs

(189A) (68) 20/4/95

Edward West

CAPE TOWN — The Steyn board of inquiry has appointed Protea Assurance chairman Clive Hirschson and former Pim Goldby partner Gerhard Krone to conduct an assessment of the cost of siting a steel mill at Saldanha Bay.

On the second day of hearings yesterday, Judge Jan Steyn said the assessment of figures presented by Saldanha Steel would begin next week.

Saldanha Steel has said an additional annual cost of about R50m would be incurred if the mill was built away from the proposed location, about 2km from the Saldanha Bay shoreline.

This location has been strongly opposed by environmental and property interest groups

CSIR project manager Keith Wiseman, who has been conducting an environmental impact assessment (EIA) for Portnet on the expansion of harbour facilities at Saldanha Bay, told the board the harbour would probably have to be extended irrespective of where the steel mill was sited.

He said the scope of the EIA had been extended to quantify the commercialisation of oil storage facilities in the bay, which would increase the number of tankers berthing in the bay to 75 from 25 a year

Increased production at Namakwa Sands and the 60 additional vessels a year envisaged by the Saldanha steel project would mean more than 300 vessels a year, compared with about 225 as at present.

Wiseman concurred with a remark by Judge Steyn that increased transport of fuel to vessels, should the Strategic Fuel Fund be commercialised, would be more ecologically hazardous than the steel mill.

Portnet's EIA was expected to be completed by the end of August, he said.

The board heard evidence from two property owners in the area, Zolia Rumble and Alistair van Huyssteen .

Rumble questioned how it was possible for Saldanha Steel to investigate alternative sites in Saldanha from December 6 1994 to January 13 1995.

She also questioned why no studies had been conducted on the possible effect of the steel plant on tourism.

It was "unfair" of Saldanha Steel to ask government to accept its own EIA only.

Church wants

Samancor boss explains joint venture benefits

(1894) BD 14/7/95

MIDDELBURG — Samancor Ltd's speciality ferrochrome partnership with Showa Denko and Marubeni Corp would reduce its vulnerability to the cyclical nature of the low carbon ferrochrome market, Samancor said.

Speaking at the inauguration of the joint venture, Middelburg Technochrome Ltd, Samancor chairman Mike Salamon said it brought together the competitive chromium resources, infrastructure and production facilities of Samancor with the technology, marketing strengths and sales network of Showa Denko and Marubeni

After planned capacity expansions worth about R20m later this year, the plant will produce approximately 36 000 tons a year of low carbon ferrochrome and about 4 000 tons of special grades of low carbon ferrochrome at Samancor's Middelburg Ferrochrome plant.

Low carbon ferrochrome is used in foundry work, stainless steel production as a means of trimming the steel's chrome content, and in special steels production

Salamon said the cyclical nature of the low carbon ferrochrome business and the reduction in the consumption of low carbon ferrochrome in stainless steel production during the past two decades had caused Middelburg to reduce its production by over half of rated capacity.

"The market for specialised applications, on the other hand, is more stable and higher premiums can be achieved for products used for special steels, the aerospace industry and welding rods," he said

Showa Denko has agreed to wind down its low carbon ferrochrome production of about 9 000 tons a year, and to allow the joint venture to supply its base markets

Samancor chrome GM Wilrich Schroeder said the agreement would provide a wider-based market for the venture

This would ensure Samancor would not again have to contemplate the closure of its low carbon ferrochrome plant in a trough in the cycle, Schroeder said

The low carbon ferrochrome market tracks the commodity cycle to which high carbon ferrochrome — used in most stainless steel production — is subject But it is less volatile, said Schroeder

Samancor, already one of the world's largest producers of low carbon ferrochrome, exports more than 80% of its current production of about 30 000 tons a year.

It holds a 65,5% stake in the new company, Showa Denko 20,7% and Marubeni has 13,8%

Samancor is expected to report total chrome ore sales of about 650 000 tons in the year to June 30 1995 — Reuter

Unions sign wage deal

The National Union of Metalworkers of South Africa and the Chemical Workers' Industrial Union yesterday signed a wage agreement with employers in the engineering industry

Numsa and the CWIU said in a joint statement the agreement gave the majority of workers a wage increase of between 11 and 12% In terms of the agreement, a task group would also be set up to develop a new wage model for the industry — Sapa

(189) 22/7/95

SA makes deal to store Iranian oil

South Africa and Iran have reached accord on storing 15-million barrels of Iranian oil at a facility on South Africa's Atlantic coast, a local industry official said yesterday

A statement from Kobus van Zyl, managing director of the Central Energy Fund which manages South Africa's strategic oil stocks, said the oil would be stored at Saldanha Bay, 150km north of Cape Town

"This could generate upwards of R50-million a year for the local economy through trading on the world market," he said, adding that the agreement would be formalised at the end of the month and the first Iranian oil would arrive in August

The storage facility was built during the years of the international oil embargo against South Africa but the scrapping of apartheid and sanctions has reduced South Africa's need for an oil stockpile and made space available in the tanks

"The storage of Iranian oil is not intended to contravene US sanctions against Iran," the statement said "The US sanctions simply prevent American companies trading with Iran" — Reuter

(189A) Star 21/7/95

Unions and steel plant owners in agreement

(189A) STAR 24/7/95

BY JUSTICE MALALA
LABOUR REPORTER

Unions and steel and engineering employers have reached agreement on wage increases for the 275 000 workers in the industry, and will set up new wage models which will cut ties with past remuneration trends favouring white workers.

The National Union of Metalworkers of SA (Numsa) and the Chemical Workers' Industrial Union said at the weekend that workers would get increases ranging from 11% for the highest-paid to 12% for those on the lowest scales.

The unions and the Steel and Engineering Industries Federation of SA, representing more than 9 000 employers, also agreed to set up a task group which has until April to work out a new wage model.

This follows an agreement between Numsa and motor industry employers in June which cut ties with past pay practices and ushered in a new era of merit-related, non-racial pay packets, education and training provisions and new dispute resolution procedures

Victory

The parties still have to agree on how to accommodate the diversity in the industry when setting up the wage model — for example some factories employ thousands of workers producing for export, while others are small family businesses and engineering shops.

Numsa secretary-general Enoch Godongwana hailed the agreement as a victory for the workers.

"Seifsa has finally agreed, in principle, and after two years of bitter negotiations, to improve the pay of the lower-paid workers, reduce massive wage differentials between the different grades and to improve the skill levels of workers."

Other benefits reaped by the agreement include an increase in the subsistence allowance of workers on all grades, and an increase in severance pay for workers with more than six years service

Coal dust health hazard

Call for closure of Dunswart steel mill

189A (8) Star 26/7/95

BY PATRICK PHOSA

Two Benoni companies have called for the closure of Iscor's Dunswart Iron and Steel mill because, they say, it is a health hazard.

Glenvalve production manager Bruce MacKay said Dunswart should close because it was causing respiratory, eye and throat problems for his employees

He said he was leaving the company on Friday due to health problems that he contracted as a result of the coal dust from the Dunswart plant.

"I have chest problems because of the dust. I have had enough and cannot stand it any longer."

Getting worse

He added: "I have been taking one ventolin inhaler on a monthly basis to clear my chest. But now I am taking three because it is getting worse."

Andre Karels, who will succeed MacKay as production manager, said the dust was a nuisance because it was mixed with steel. He said the steel was "eating away" the lives of workers and machinery.

"We are not overly worried about machines, but the health of our workers is a main concern to us," Karels said.

Valvemakers of South Africa general manager Ron Bartlett said the plant should adhere to international standards if it wanted to continue operating.

'CAUSING respiratory, eye and throat problems for nearby workers'

A resident of nearby Wattville, Mxolisi Longfoot, said he was concerned because Iscor put its financial interests before community health.

Dunswart maintenance superintendent Nic Ivanovich said it was not true that nothing was being done about the problem. He said Iscor was working with the Department of Health's Air Pollution Control to alleviate coal dust pollution.

Pollution Control chief officer Martin Lloyd said the coal dust in the area was probably blown away from the plant by the wind. He added that something "might have gone wrong" with the emission of dust.

The standards adhered to by the Dunswart plant were similar to those of the US Environmental Protection Agency, Lloyd said. He said the emission of dust had to be within the legal limits.

Benoni Transitional Local Council said the dust pollution had not led to water pollution in the area. Chief Environmental Health Officer Leon van Vuuren said there was nothing wrong with the drinking water and that only the water in swimming pools might have been affected by coal dust.

'Close us down if we pollute'

(189A) (SE) Star 19/7/95

Cape Town — Saldanha Steel says it is prepared to give opponents of its R4,7-billion steel mill project at Saldanha Bay the legal authority to close it down if it repeatedly breaches environmental regulations

Giving evidence before the Steyn board of inquiry which opened in Cape Town on Monday, Saldanha Steel executive chairman Bernard Smith said the authority would be vested in a private trust comprising mainly representatives from concerned individuals and organisations.

Saldanha Steel would enter into a legal contract with the trust, giving it the power to act against the company if it breached self-imposed environmental regulations modelled on Canadian legislation. — Sapa.

Judge stunned by deal to store oil at Saldanha

(189A) Star 22/7/95 (Bb)

The Central Energy Fund's deal with Iran to store 15-million barrels of oil at Saldanha Bay's oil storage facilities drew surprise criticism yesterday from Saldanha Steel board of inquiry chairman Mr Justice Jan Steyn.

Judge Steyn, appointed by Environmental Affairs Minister Dawie de Villiers to investigate objections to Saldanha Steel's proposed R4,7-billion steel plant at Saldanha Bay, said he found it "extraordinary" that the public had not been involved in the oil storage decision.

Keith Wiseman, project manager of an environmental impact study of Portnet's proposal to extend its general cargo quay at Saldanha Bay, told the board of inquiry on Wednesday he had been contacted by the Strategic Fuel Fund, which manages the oil storage facility, and asked to study the risk of increased oil tanker traffic. — Sapa

Star 21/7/95

Saldanha oil storage plan slated

(189A) (SP)

Cape Town — Environmentalists have hit out at the Strategic Fuel Fund's proposed plan to store 15-million barrels of Iranian crude at Saldanha, claiming that the increase in tanker traffic in the bay would boost the risk of spills and pollution

National Parks Board chief Dr Robbie Robinson slammed the move at the weekend and said he had asked the Steyn board of inquiry for permission to resubmit evidence to address the new issue of the oil deal

"I am devastated by the news I can't stress strongly enough that I am totally opposed to it The risks involved in terms of oil spillages has risen drastically "

The Steyn inquiry has been appointed to investigate a proposed steel plant at Saldanha. The factory is likely to increase the number of bulk carriers by 60 a year while the oil storage deal will increase the number of tankers from 25 to 75 a year

Earthlife Africa commented "There is no point in setting up a board of inquiry to investigate the environmental impacts of one development if another right next door is given the green light and its environmental consequences ignored" — Own Correspondent

Boesak's ex-bookkeeper doesn't have to testify

Cape Town — Freddie Steenkamp, the insolvent former bookkeeper for Dr Allan Boesak's Foundation of Peace and Justice, does not have to give evidence in connection with his financial affairs because it could be unconstitutional for him to make statements which could incriminate himself

The Bellville civil court decided yesterday to postpone an inquiry into Steenkamp's financial affairs because it had to be established whether it was legal in terms of the interim constitution to interrogate someone who could possibly incriminate himself.

The Cape Town Supreme Court will have to decide within the next three weeks whether to refer the matter to the Constitutional Court or back to the Bellville civil court — Sapa

Star 22/7/95

Setworks graft claimed

Cape Town — Serious allegations of corruption, nepotism and self-enrichment were levelled against members of SA's 10 African language boards during public hearings on the Government's proposed Pan South African Language Board yesterday.

Usiba Writers Guild co-ordinator Alpha Shange told a parliamentary committee that board members had misused their positions for personal benefit and should be suspended immediately. He claimed members had for decades prescribed their books and those of friends and relatives as setworks for schools.

Some officials in the Pretoria office of the African Languages Department had the authority to change setbook lists "at will" to include books in which they had a share of the royalties.

Arts and Culture Ministry spokesman [illegible]s Bas-[illegible] said probing the allegations would [illegible] a matter for the new board, which is still to be set up. — Sapa

Unions sign wage deal

The National Union of Metalworkers of South Africa and the Chemical Workers' Industrial Union yesterday signed a wage agreement with employers in the engineering industry

Numsa and the CWIU said in a joint statement the agreement gave the majority of workers a wage increase of between 11 and 12% In terms of the agreement, a task group would also be set up to develop a new wage model for the industry — Sapa

(189) 22/7/95

Host of RDP projects up and running nationwide

Star 22/7/95

By KURT SWART

More than 5,6-million pupils are now benefiting from the Government's school feeding programme, says Reconstruction and Development Office spokesman Frank Meintjies

Despite teething problems, departments and provinces were forging ahead.

There were new clinic services at upgraded and mobile clinics at 25 sites countrywide.

Contracts for building clinics had been signed at 83 of 173 planned sites

Schools in all provinces had been identified for RDP delivery, Meintjies said.

School governance training was under way in Western Cape and had started in Northern Cape.

The community employment programme had been very active. Public works projects approved totalled 4[illegible], out of which 428 contracts had been signed. Funding had also been supplied to 320 projects.

In land restitution, restoration to communities was "in the pipeline" in relation to 354 properties, totalling 143 345 hectares. More than 4 000 families stood to benefit.

A further 2 400 families were to benefit from redistribution of 25 730ha.

Eskom was set to make 3-million connections this year, and had reached 89% of its target, he added.

Samancor's new high

(189A) Star 14/7/95

■ BY DEREK TOMMEY
MINING EDITOR

Samancor, the world's major producer of ferromanganese, is set to become the world's most important producer of low carbon ferrochrome — a niche product which commands a premium price

This follows the establishment of a new producer, called Middelburg Technochrome, in a joint venture with Japanese companies Showa Denko, the biggest producer in Japan, and trading house Marubeni, a major distributor Samancor will hold 65,5% of the company's capital, Showa Denko 20,7% and Marubeni 13,8%

The joint venture provides for Samancor contributing its low carbon ferrochrome facility to the company while Showa Denko will stop producing the material

CMI strikes R100-m deal with Mitsui

(189A) Star 13/7/95

■ BY ANDY DUFFY

Consolidated Metallurgical Industries has struck a near-R100-million deal with Japanese industrial giant Mitsui, securing a supply route straight into the lucrative Far East market

The base metals producer will sell 12,5% of its Lydenburg capacity to Mitsui's South African business, while Mitsui Japan will push up to one-sixth of CMI's current 360 000-ton capacity into Japan, South Korea and the People's Republic of China

The deal, struck at the end of last month, will cut CMI's unit costs and debt, bolstering earnings over the next three financial years

CMI finance director Remier van Jaarsveld said the deal would effectively guarantee CMI an outlet for a large chunk of output

Recovery

The tie-up should also help cut CMI's debt from 71% of shareholders' equity at the start of the year to around 50%

Mitsui paid $26,5-million for the assets – roughly market value – against their book value of R7,5-million

The alliance – similar to supply deals cut by Gencor's Samancor – represents a key step on CMI's road to recovery

Stronger metal prices helped lift CMI to a R5,4-million attributable profit for the six months to December 1994 from a R9-million loss the previous year Sales jumped 52%

Year-end results due for release next month are likely to show the company's fortunes strengthening further. Ferrochrome contracts were settled at around US$0,73c/lb for the third quarter, against US$0,50c/lb for the three months to June

The deal – split into three tranches – will give Mitsui control over 30 000 tons of capacity, but management at Lydenburg stays with CMI

SALDANHA BAY (189A)

Slick move

FM 28/7/95

Opponents of the R4,7bn mini steel mill at Saldanha Bay have been thrown into disarray following the disclosure that the Strategic Fuel Fund (SFF) is set to conclude an agreement with Iran to store 15m barrels of oil at the bay's storage facility.

The environmentally sensitive steel mill issue is being probed by a commission headed by Judge Jan Steyn.

A surprised Steyn says he finds it "an extraordinary state of affairs" that the public had not been involved in the decision to hold oil at the strategic storage facility.

But SFF GM Kobus van Zyl says the deal received Cabinet's blessing last September. He adds government was kept fully informed of the negotiations with Iran.

The increased oil tanker traffic might, in fact, take some of the heat off the environmental focus on the steel mill — especially as it might now be seen as the lesser risk to the bay's sensitive wetlands areas.

"The mill — a joint venture between Iscor and the Industrial Development Corporation (IDC) — poses no risk to the environment. It is a myth that it poses a threat to the bay's ecosystems," says IDC MD Carel van der Merwe.

"All necessary steps have been taken to ensure that the proposed steel mill will produce no pollution, no smoke and no liquid effluent at all. I would have thought that the movement of oil tankers in the bay would always pose some risk."

Meanwhile, Iscor MD Hans Smith says all activities at the site of the proposed mill will stop unless the commission reaches a favourable conclusion by mid-August.

The reason is that the mini-mill — design capacity 1,2 Mt hot rolled coil a year — will take three years to reach full production. Unless the first sod is turned in time, the export-dedicated plant will miss the current upturn in global steel markets. ■

(~~SUGAR~~ (189A) (56)

TONGAAT-HULETT

Awaiting finance details

Tongaat-Hulett's share price touched its high for the calendar year of just over R46 soon after preliminary results were announced late in April, and has since drifted down, to R41,25 earlier this week.

It's surprising, considering that the strong results recorded in financial 1995 were by far the group's best this decade (see table) Apart from a generally lacklustre stock market so far this year, the most likely explanation is that investors are waiting for formal finalisation of Tongaat's joint venture in the R1,75bn expansion of the aluminium division's rolled products mill

Group MD Cedric Savage hopes an announcement can be made in about six weeks. The proposal — whereby Tongaat will sell half its interest in Hulett Aluminium to joint venture partners the IDC (30%) and Amic (20%) — remains on track, but a few important pre-conditions still have to be ironed out. FM/14/7/95

Some relate to government, including investment incentives for fixed investment

Activities: *Sugar, building materials, consumer food, aluminium, textiles, starch and glucose and property*

Control: *Amic 43,5%*

Chairman: *C J Saunders. MD C M L Savage*

Capital structure: *91,8m ords Market capitalisation R3,78bn*

Share market: *Price R41,25 Yields 2,4% on dividend, 6,6% on earnings, p e ratio, 15,1, cover, 2,7 12-month high, R52, low, R36 Trading volume last quarter, 712 000 shares*

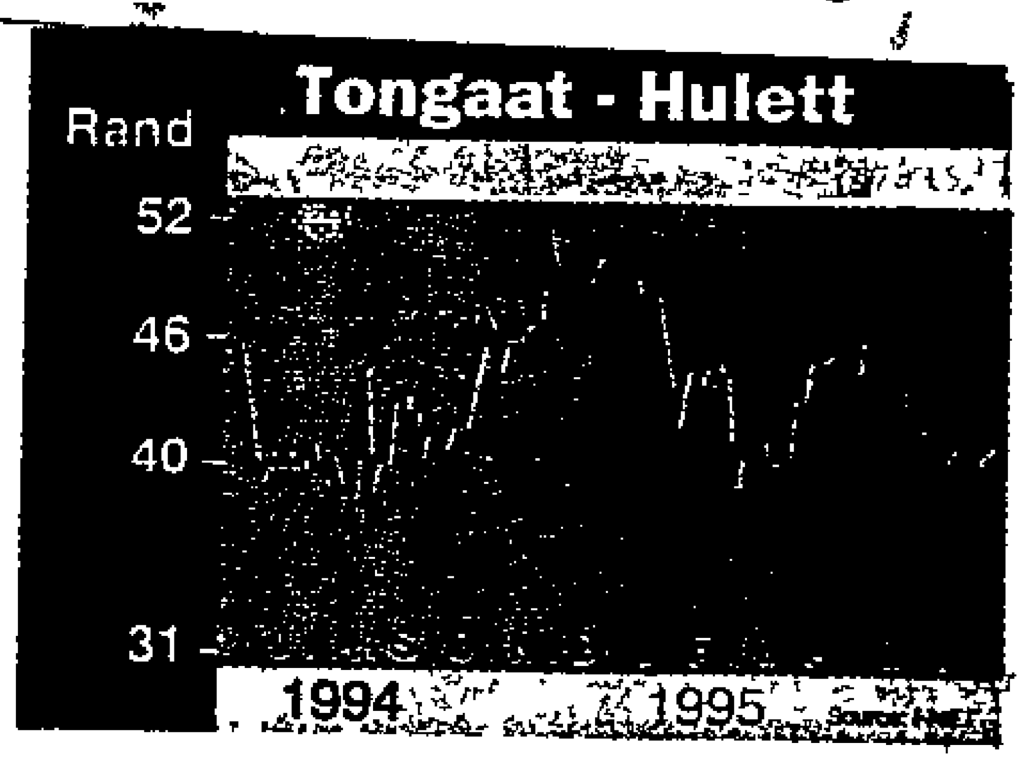
Year to March 31	'92	'93	'94	'95
ST debt (Rm)	64,1	6,5	208,7	111,0
LT debt (Rm)	216	288	139	61
Debt.equity ratio	0,14	0,02	0,01	n/a
Shareholders' interest	0,61	0,59	0,62	0,64
Int & leasing cover	2,7	3,5	4,8	10,7
Return on cap (%)	9,9	8,9	8,7	12,2
Turnover (Rbn)	3,97	3,87	3,97	4,42
Pre-int profit (Rm)	284	270	267	409
Pre-int margin (%)	6,9	7,0	6,7	9,3
Earnings (c)	201	239	179	274
Dividends (c)	73	73	69,2	100
Tangible NAV (c)	2 213	2 502	2 186	2 439

and the rate at which tariff protection is to be phased down. Probably the most important, though, is the conclusion of a raw material supply contract with Alusaf.

But while it may take a little more time, it seems unlikely there will be impediments here What appears to be keeping investors in limbo is finalisation of the financing options for Tongaat's 50% of the project.

"We are looking at options," Savage says, "with the overriding principle that whatever form financing takes it will not affect EPS growth adversely."

As a precautionary measure, Tongaat will



ask shareholders at the AGM on July 28 for permission to increase authorised share capital. Savage says a rights issue is not being considered — rather, Tongaat might want to issue new ordinary shares for cash in terms of JSE regulations, that is, up to 10% of issued share capital in any one year and no more than 15% over three years

"It's possible however that we will use a combination of options, including offshore finance for the purchase of equipment."

The balance sheet has ample capacity to gear up Cash holdings exceed total borrowings by nearly R200m, and it can be assumed that a fair proportion of the cost of the expansion will be met through the sale of 50% of the aluminium division.

It's also likely any borrowings can be quickly retired through Tongaat's strong cash generation — net cash flow for 1995 more than doubled to R222,4m.

But until details of the financing structure are spelled out, investors may remain cautious. While Tongaat is now a very different combination of businesses than a decade ago, memories of historical overgearing probably remain.

The sound operating performance notched up by what are now seven Tongaat divisions (property is now a division in its own right) look set to continue. Particularly pleasing is the improved outlook for what remains the mainstay division, sugar

Earlier forecasts expected production to remain hampered to an extent by the drought. But late rainfalls into the winter months in KwaZulu-Natal put early production estimates at just under 600 000 t which would be about 5% less than last year's output.

Aluminium continues to perform well with buoyant world prices, and the textiles division is achieving record volumes, turnover and profit. Savage says the building materials division continues to grow with the upcycle.

"Generally, we are gearing for growth. We remain driven by the need to increase EPS, and are now working off a low cost base," he says.

There is a significant firming in the return on capital ratio, an area Savage says is constantly emphasised to managers. The *FM*, due to a different definition, calculates 12,2%, though the trend is there. Tongaat's ratio is 15,8%, and Savage says it will improve further this year; he is targeting a return at least equal to the cost of money at about 18%.

Apart from the overhang of the mill expansion, the share may have run ahead of itself last year when interim results indicated Tongaat was in for a good year.

The significant investment the group is making in growth and profitability should bear fruit later. Once the aluminium project is confirmed and benefits become clearer, it would not be surprising to see the share move into a higher trading band. *Shaun Harris*

ST(MT) 2/7/95

(189A)

Macsteel's size slips out in deal with Iscor

STRONG AND SILENT TYPE Eric Samson, chairman of the bigger-than-expected Macsteel group Picture CHRISTINE NESBITT

By DON ROBERTSON

THE ultra-private and largely unkown Macsteel group has unwittingly drawn attention to its strong clout in the domestic and international steel markets following this week's signing of an export deal with Iscor

Eric Samson, chairman and chief executive, concedes group turnover is R12-billion a year and that the joint venture with Iscor will make it "one of the largest, dedicated steel trading houses in the world incorporating all of Macsteel's international trading operations"

The agreement, although not its first in the public domain, has focused attention on Macsteel's might

In terms of sales, Macsteel is the seventh largest group in South Africa, according to last year's Business Times Top 100 Companies It is beaten only by SA Breweries, the two CG Smith companies, Premier Group and De Beers It is only marginally below Barlows, but beats Malbak, Tiger Oats, Sasol, Anglovaal, Amic and Iscor

The company has more than 60 offices in 26 countries and employs almost 10 000 people of whom 2 370 work overseas

Asked why the company has never considered a JSE listing, Mr Samson says "We can finance ourselves and it is not my intention to be in the public eye I prefer to remain private"

Macsteel is the largest privately owned company in South Africa and, some say, one of the largest in the world

The venture with Iscor is part of Macsteel's policy of developing strategic partnership agreements with major steel producers around the world In recent years it forged a relationship with Usinor-Sacilor, the largest steel producer in Europe, for the supply of steel to the US

In February it formed a joint venture company, IMF Steel International, with America's fifth largest steel producer, Inland Steel Industries, and Canada's largest steel trader, Federal Industries The company will handle all Inland Steel's exports as well as industrial plastics and logistical services to industrial companies It has also entered agreements with Russian steel and distribution companies

We believe Iscor's success is assured

ST(BT) 9/7/95 (156) (189A)

I CANNOT understand what underlies Ian Moultrie's fears that Iscor has as its agenda a "desire to own its own dedicated harbour at Saldanha Bay", but our letter to Minister Roelf Botha simply refers to the fact that most of Saldanha Steel's international competitors have direct access to harbour facilities, thus giving them an advantage if our project was located inland.

I am totally unaware of any desire by the shareholders to own a dedicated harbour at Saldanha Bay; but we would like to have direct access to a harbour facility — any export steel producer would.

The economics of the feasibility study was based on the premise that steel prices would remain constant in real terms, and would on average equal real prices over the past few years.

We have tested the project against other price scenarios. This evaluation has led Saldanha's shareholders to conclude that the project is viable (and the Industrial Development Corporation has an enviable reputation for picking natural resource winners).

We are determined to avoid any unnecessary or inessential operating costs — such as moving the site which puts the project at a disadvantage to its competitors and incurs additional operating costs. This prejudices the project's robustness and is just not good for business.

We are not at all sure that the proposed alternative sites are more desirable in terms of any other criteria used to evaluate them, including the ecological sensitivity of the area.

The downsizing of the Vanderbijlpark operations neither had nor has anything to do with Saldanha Steel. The operations which were closed were uneconomic.

Saldanha's export gain relates to the fact that Vanderbijlpark's production was closed in any event.

Mr Moultrie's funding on the project is wrong. The loans to the project are predominantly offshore in the form of export credits and commercial offshore loans, the repayments of which commence six months after commencement of forex earnings.

The 37E tax concession was specifically put in place to promote larger projects that beneficiate raw materials. South Africa is well behind most countries when it comes to fiscal incentives to promote exports.

Corex technology is state of the art when it comes to proven technology. We like the Corex process because it is intrinsically environmentally friendly.

Mossgas was developed for strategic reasons as perceived by the government at the time. It required a significant increase in oil prices to justify itself on a commercial basis; and gas reserves have proved to be limited.

On the other hand, we believe Saldanha Steel will be competitive and so do our advisers. Iron ore reserves in the North West Province could last for 100 years.

Mr Moultrie should be aware that the feasibility study has cost some R20-million. The project has achieved a momentum that if slowed or destroyed will result in large unrecoverable costs.

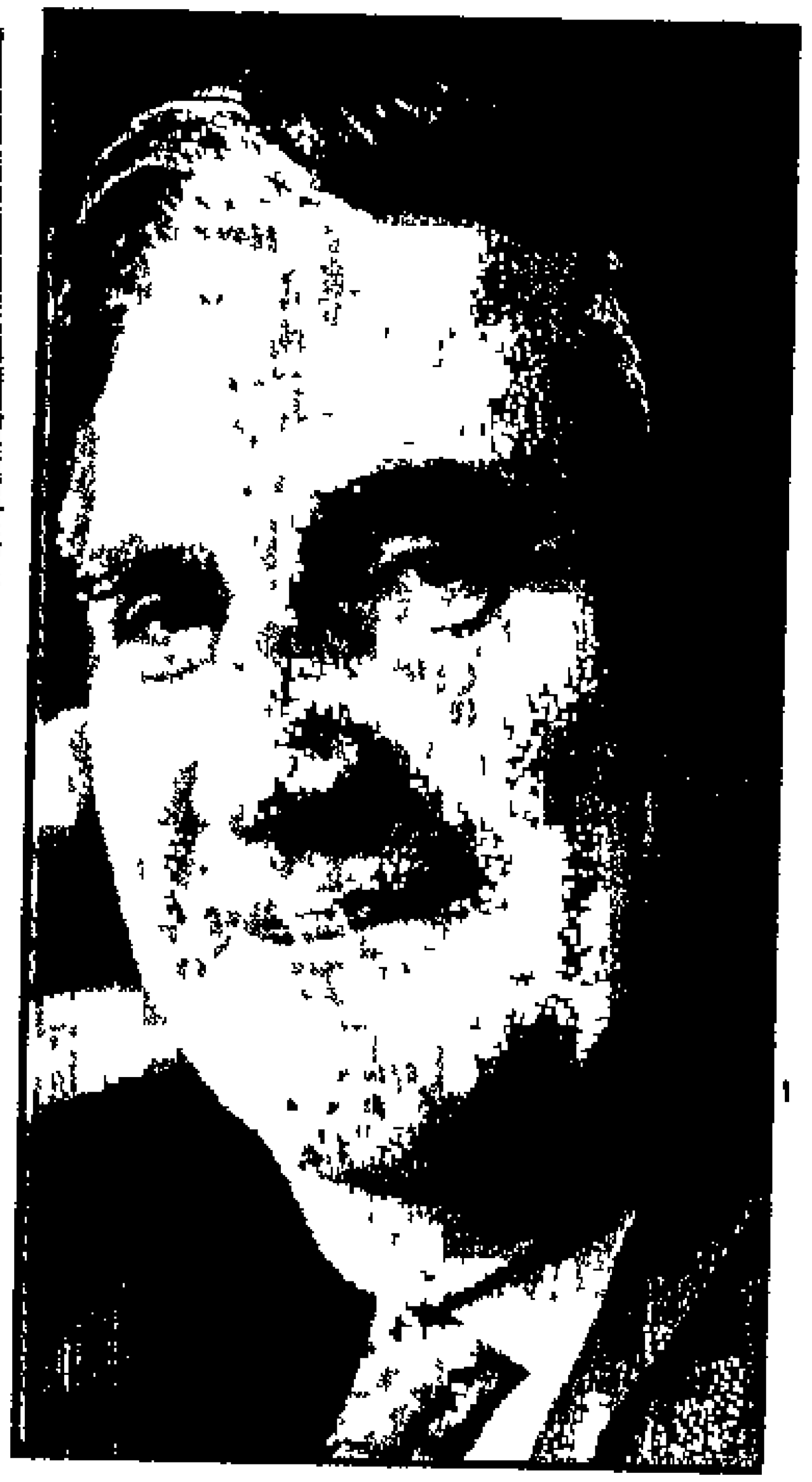
South Africa needs major industrial projects to meet the aspirations of its people.

Perhaps a small proportion of its privileged population can afford to be cavalier about getting on with development. For how much longer should we continue to export iron ore valued at between $15 to $20 a ton when we can upgrade it to quality steel products valued at $340 a ton? — BERNARD SMITH, executive chairman, Saldanha Steel.

Steel venture approved

ST(BT) 9/7/95

(189A)



MR BIG. Eric Samson, chairman and chief executive of Macsteel

BY DON ROBERTSON

THE Competition Board has given Macsteel and Iscor "provisional clearance" for the formation of a joint export company to handle all Iscor's international sales

Pierre Brooks, chairman of the Competition Board, said on Friday the board decided not to carry out a formal investigation into the agreement as it related only to export sales and should not affect the domestic market

"We had some queries on certain aspects of the agreement and we were provided with more information and assurances by the two steel companies which resolved these problems to our satisfaction," Mr Brooks said.

"We were concerned that some local agents might be aggrieved by the formation of the new company and, in fact, one party will discuss this with the board this week. By giving provisional clearance only, it means that should anybody have a valid complaint against the export agreement, we will be able to look into it," he says.

The new company, Macsteel International, in which Iscor has invested R60-million as working capital, will incorporate all Macsteel's international distribution outlets in 26 countries. Before the agreement, Macsteel distributed about 50% of Iscor's overseas sales, mainly to the Far East. Macsteel International will now distribute about 2-million tons of Iscor steel a year.

Next year Macsteel International will distribute about 6-million tons of steel on international markets plus 5-million tons of pig iron and iron ore.

In April, on the recommendation of the Competition Board, the Department of Trade and Industry outlawed certain restrictive practices carried out by steel merchants Macsteel, Baldwins Steel and Trident Steel. These related to the refusal to supply certain customers and collusive purchasing of non-ferrous scrap.

The board also found the merchants conducted business by using a common price list, referred to as "price leadership'. This practice was not outlawed and the merchants were asked to resolve these issues with the board.

Dr Brooks says that two meetings with the trade have since taken place and certain proposals have been made

"There is one last aspect with which we have a problem . . but I have given them until the end of the month," says Dr Brooks.

JOBS

Iscor's Saldanha Steel project 'built on sand'

(189A) ST (BT) 9/7/95

An Iscor shareholder believes that, apart from the concerns raised by environmentalists, the corporation's Saldanha Steel project does not make sense on economic grounds either. KEVIN DAVIE reports.

WHY would Saldanha Steel abort a R4,7-billion project rather than incur an extra annual cost of R50-million by relocating its planned steel mill 13km inland from the ecologically sensitive coast?

Ian Moultrie, Iscor's largest individual shareholder, answers this question by saying that Iscor, which has a 50% stake in Saldanha Steel, "has a bigger agenda"

Mr Moultrie quotes from a letter written on February 21 by Saldanha Steel to Roelf Botha of the Ministry of Environmental Affairs The letter lists the advantages of locating the steel plant at Saldanha Bay, and says that all major steel exporters in the world have their own dedicated port

"Iscor wants its own dedicated harbour at Saldanha Bay," says Mr Moultrie

Saldanha Steel spokesman have said that the nature of the steel business is that there are lean years during the bottom of the commodity cycle It is for this reason that the plant has to cut its costs to the bone

Its spokesmen have also said that delays in commissioning the plant, such as would be caused by relocating 13km inland, would mean that the project could suffer adversely as it will not maximise earnings during its start-up phase

Mr Moultrie questions some of the key claims made by the developers

While Saldanha Steel will boost exports by R1,6-billion, partial closure of Iscor's Vanderbijlpark plant will lead to a loss of steel exports of the same amount, meaning that there will be no net export gain

Carel van der Merwe of the Industrial Development Corporation responds that Saldanha Steel "has nothing to do with the closure of Vanderbijlpark It will manufacture a product not yet produced by Iscor"

Mr Moultrie says there will be a net job loss as Saldanha Steel will create fewer jobs than those lost at Vanderbijlpark

Saldanha Steel's 600 jobs come at a hefty price R6-million each

Compare this, says Mr Moultrie, who in the past has invested in the clothing sector, with a clothing job cost of R60 000

"Investing in clothing could create 100 times as many jobs than those created by Saldanha Steel"

His point is that while private companies such as Iscor are more than at liberty to make investments on behalf of their shareholders, the state's involvement in Saldanha Steel through the IDC's 50% equity stake, is questionable

The state-owned IDC and privatised Iscor have put up R750-million each for a 50% equity stake in Saldanha Steel Peak funding required is expected to be R4,7-billion, much of the R3,2-billion difference being supplied by the IDC in the form of loans, says Mr Moultrie

The government has also extended the so-called 37E tax concessions to the project.

"This is an interest-free loan from the state Saldanha Steel will get tax credit certificates which it can sell to others It amounts to getting a R1-billion loan interest free," says Mr Moultrie

While the IDC has not disclosed the return on investment it expects from the project, Iscor, in presentations to stockbrokers, has said it expects a 12% real return

Mr Moultrie says this is a "superb" return, but nonetheless questions some of the assumptions underlying this assessment

He says Iscor has projected that the real price of steel will remain the same during the 25-year life of the plant But new technologies and developments in steel-making suggest that the real price may actually decline

"The Corex technology which Iscor wants to use is not state of the art There is newer, more efficient technology now coming on stream

"There is also a trend worldwide to establish smaller plants with a shorter life, of say, 15 years

"These are true minimill operations The competition could go haywire, causing steel prices to fall in real terms"

Mr Moultrie says his worst fear is that Saldanha Steel could turn into another Mossgas, with the state having to foot half the bill

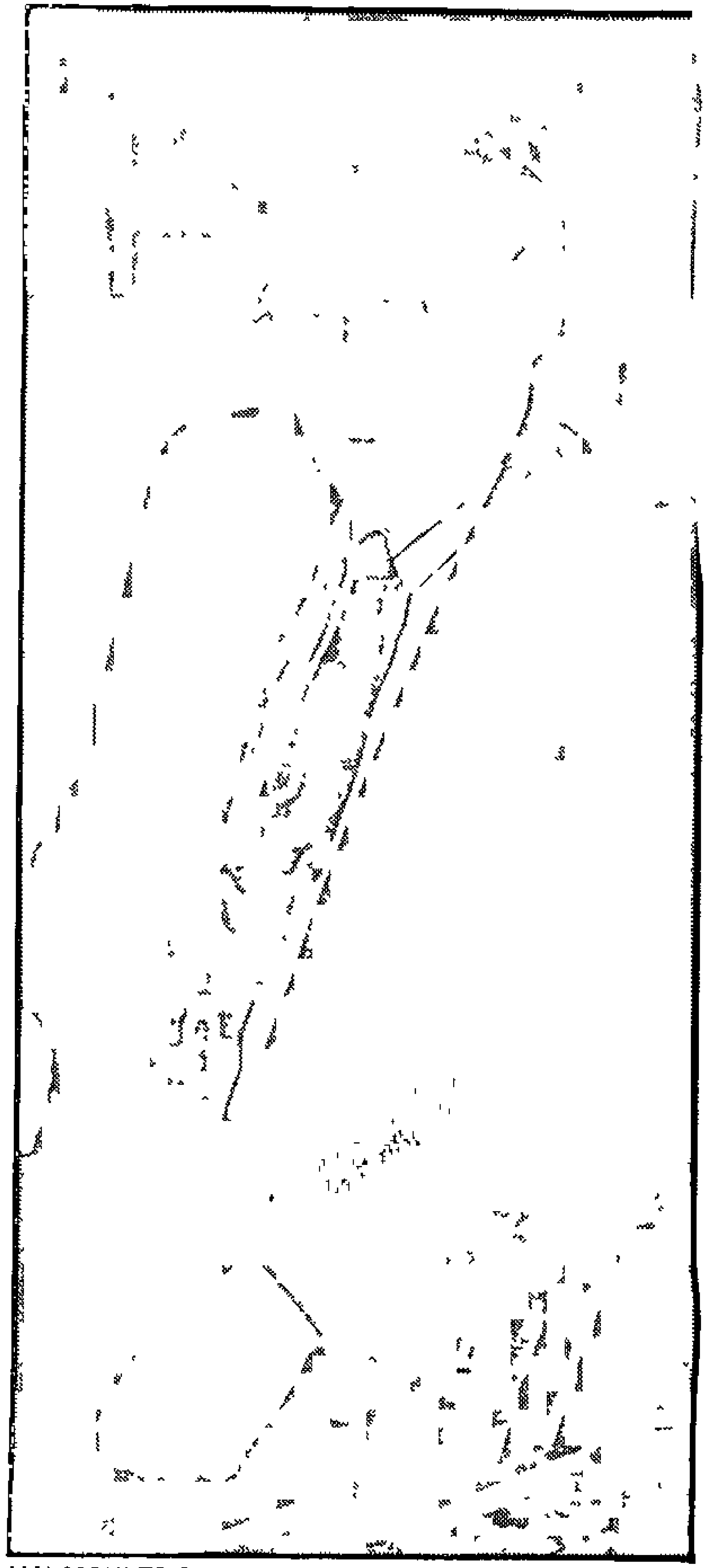
"If spending just R50-million a year to move the plant changes its economics, that concerns me as a shareholder"

Mr Moultrie also questions the IDC's haste to push ahead with the project He says it appears that the IDC has rushed into the project before funds under its control are re-directed towards the reconstruction and development programme

Mr van der Merwe says the IDC's involvement in project goes back more than five years

"We have been reporting progress in each of our last three annual reports

"If this means 'rushing into the project', perhaps we should be slowing down our project investigations."



IAN MOULTRIE Iscor's largest individual shareholder

Scaw hostel inmates defy eviction order

■ **LABOUR REPORTER**

Scaw Metals' hostel, near Germiston, remained quiet but tense late yesterday as nearly 600 residents defied a management directive to vacate the hostel by nightfall

The residents, waiting for the outcome of a Rand Supreme Court application to be heard today to have them evicted, have said they would be homeless if the eviction took place

Scaw Metals decided to close the hostel last week after the killing of National Union of Metalworkers of SA leader Chris Manyathi

More than 1 000 of the 1 700 residents have already left, taking advantage of management's offer of a R1 000 allowance and free transport

But United Workers' Union of SA spokesman Duke Senakgomo yesterday said the union's members who were staying in the hostel felt management's move was unfair as they had not been consulted

Scaw Metals spokesman Jabu Maphalala said the company had indicated to residents that if violence continued, it would have no option but to close the hostel down

(89A) Star 1/8/95

Forex reserves to be protected

Iscor in $25m asset swap with UK firm

(189A)

BD 1/8/95

Mungo Soggot

ISCOR's pension fund has announced an imaginative $25m asset swap deal with a British fund manager which gives foreign investors the right to sell their investments without damaging the foreign exchange reserves

This is the second asset swap scheme to be announced since Reserve Bank governor Chris Stals gave the green light to asset swaps on July 13.

Iscor Pension Fund CEO Hans Nel said the swap would be with GT Management of London The pension fund would be responsible for ensuring that any divestment by GT Management did not result in damaging outflows It would have to inform the Reserve Bank of any divestment to arrange to find another foreign investor to buy the sold SA stock, or to arrange to repatriate some of its side of the swap

GT Management would invest in SA shares, while the Iscor pension fund would export cash to foreign fund managers The deal was not set for a specific period

Reserve Bank exchange control GM John Postmus said he did not want to comment on the swap, but said any local institution wanting to enter into a similar deal would be free to do so. Any other method of executing a swap without threatening the reserves would also be considered by the Bank.

The monetary authorities' decision to allow asset swaps — which lets an SA institution invest some of its assets abroad if it can find a foreign counterpart to make a counter investment in SA — has been met with some disapproval. Some institutions have dismissed the move as a gesture, calling for real steps towards reducing exchange controls

The main criticism has been that foreign counterparts would have to be locked into SA for a protracted period of time, which would make the proposition of an SA swap unattractive

Some commentators were also critical of the Bank's flexible approach of allowing institutions to suggest their own schemes.

However, other commentators have said this criticism is short-sighted, and that there will be sufficient interest from foreign investors.

One said considerable interest in SA swaps had been expressed by both Middle Eastern and Japanese institutions The swaps would give overseas institutions a chance to gain access to the notoriously illiquid SA equity market, as local institutions freed some of their holdings. The schemes could also be engineered to give overseas institutions fixed dividend returns when they wanted them.

Sanlam announced at the weekend that it had Reserve Bank approval for a swap worth "at least R100m". Sanlam investment strategy GM Gerrit Smit said Sanlam was not yet in a position to disclose the mechanics of its swap.

The Bank is expected to finalise guidelines on asset swaps this week which will explain how far institutions can go with their individual mechanisms without affecting the reserves.

Economists said if asset swaps proved a success, it would encourage the Bank to take a further step to dismantling exchange controls.

Ferrochrome producers flourish in price boom

Michael Urquhart

FERROCHROME producers are expected to post higher earnings for the year to end-June when they report their results from tomorrow, but will reap the full benefits of the price bonanza only in the current financial year, analysts say

Ferrochrome prices had increased rapidly over the last year from lows of $0,4/lb to their current levels above $0,75/lb Analysts were predicting full-year earnings of between 175c and 185c a share for Gencor producer Samancor and between 80c and 100c for JCI's Consolidated Metallurgical Industries (CMI)

Independent producer Chromecorp, with a December year-end, was expected to earn between 60c and 70c a share for the full year, split more or less evenly between the two halves

Because SA producers sold their ferrochrome on contract, they would not feel the full effect of the better prices in the year to June, but earnings should increase substantially in the 1995/96 financial year

CMI, most highly geared to the ferrochrome price, would see the biggest jump in earnings in the current year But it had to reduce its debt burden and analysts were not sure whether it would pay any dividend

An analyst said of the three ferrochrome producers CMI was probably the most difficult to call because of its high gearing to the price

The timing between production of material and sales, which would affect levels of working capital, could also have a huge effect on earnings

Samancor was less highly geared to ferrochrome prices, with about 47% of its turnover coming from this source The company also had interests in ferrosilica and ferromanganese, as well as a stake in the Columbus stainless steel joint venture

Poor ferrochrome prices over the last four years had led Samancor to concentrate on cost containment, which had been one of the main factors behind the improvement in its earnings in 1994

An analyst said Chromecorp had the best potential for long-term growth in earnings

It had two more furnaces coming on stream in August next year which would boost production from 260 000 tons to 420 000 tons, and additional furnaces to supply Iscor The latter would lift production to 620 000 tons

Analysts did not foresee much movement in ferrochrome prices, which had already shown signs of flattening out

01/8/95

~~717~~ (1894)

Iscor restructures staff

By Roy Cokayne (189A) CT(BR) 1/8/95

Staff at Iscor's head office, which employs 1 600 people, is to be substantially reduced

This follows a decision by Iscor's top management to implement a decentralised management approach

Hans Smith, the managing director and the chief executive of Iscor, quoted in the latest edition of the company's newsletter, The Iscorian, said the head office would accommodate substantially fewer people by this time next year

The newsletter described the decentralisation programme as far-reaching and traumatic, but it included positive business orientated changes Smith said it would be introduced over 18 months

Smith said it was not a staff reduction exercise He said a report by the McKinsey Group, the American management consultants, identified a number of head office posts which would be lost

Parks Board chief may testify in mill inquiry

(189A)

CT 1/8/95

SALDANHA: National Parks Board chief executive director Dr Robbie Robinson may still give evidence before the Steyn Board of inquiry into the proposed steel mill at Saldanha Bay — despite having to miss this week's sitting due to work commitments

Dr Robinson, who is opposed to the proposed site of the R4,7 billion mill, was expected to give evidence when the board resumed its sitting today

Yesterday Southern Parks environmental manager Mr Sarel Yssel replaced Dr Robinson on a helicopter inspection with Mr Justice Jan Steyn and his two assessors, Prof Richard Fuggle and Mr Rufus Maruma, of Yzervarkensrug farm — the preferred site for the mill — two alternative sites, and nearby Langebaan lagoon

Yesterday Judge Steyn also went on a bus tour of the Strategic Fuel Fund's massive oil storage facilities and Saldanha harbour accompanied by objectors, Saldanha Steel executive chairman Mr Bernard Smith, his legal counsel and journalists.

Saldanha Portnet manager Mr Danie Barnard said the harbour's general cargo quay would have to be extended by 63m and the channel deepened by 2,5m, to accommodate ships of up to 60 000 tons if the project went ahead.

If Saldanha Steel gets the go-ahead, the mill will be commissioned at the end of 1997

Mr Barnard and representatives of the Vredenburg and Saldanha chamber of commerce will testify before the board today — Sapa

Workers challenge hostel closure in Industrial Court

STAR MO 1/8/95 (189A)

Renee Grawitzky

MORE than 400 workers yesterday challenged Scaw Metals' decision to close its Germiston hostel following the acceleration of violence in recent weeks.

The workers have refused to move out of the hostel and yesterday applied for an industrial court interdict.

The Industrial Court will give its judgment today.

Workers applied for the interdict on the basis that it was inhumane to force residents to leave the hostel immediately.

They also claimed the move to close the hostel constituted an unfair labour practice because the removal of the hostel accommodation would constitute a unilateral change in conditions of employment, as workers regard hostel accommodation as a condition of employment.

Scaw Metals intends applying for an eviction order today

During the past six months the company had said continued violence at the hostel would result in its closure.

In addition, the National Union of Metalworkers of SA (Numsa) had requested the hostel be closed because of the high level of violence and the number of deaths at the hostel.

Numsa general secretary Enoch Godongwana said the majority of residents had found accommodation in the surrounding townships.

The company had granted workers R1 000 to assist them in finding alternative accommodation.

Godongwana said the primary objective of the closure was to reduce the level of violence and thereafter debate could begin on the broader question of housing and other options available for the future.

Legal aid for objectors to Saldanha steel mill

BD 2/8/95 (189A)

THE environmental affairs ministry has agreed to help meet the legal costs of cash-strapped objectors to the proposed R4,7bn steel mill at Saldanha Bay

Details of the cash injection were released yesterday by Judge Jan Steyn, who is heading a three-man board of inquiry appointed by Environmental Affairs Minister Dawie de Villiers to investigate the project.

Steyn told a hearing at the Saldanha Naval Academy that legal representatives for a "substantial group" of objectors were unable to continue representing them because of a shortage of funds

"The board believes that it would assist it in its fact-finding duties if some legal representation were to be made available to co-ordinate and present evidence on behalf of those who have particular environmental concerns," Steyn said

The board believed it was in the public interest that the inquiry be open, even-handed and orderly, and the ministry had made money available for objectors' representatives The proposal also had the support of Saldanha Steel

West Coast Regional Development Association chairman Dawid Liebenberg told the inquiry that people living in Saldanha had been waiting 25 years for Iscor to build a steel mill in the region Liebenberg said he spoke on behalf of residents who needed jobs, food and shelter

It had been understood since the completion of the Sishen-Saldanha railway in 1971 that Iscor would build a steel mill at Saldanha, Liebenberg said.

At the same time, however, the community was proud of its environment and had supported the creation of the West Coast National Park at the southern end of the Langebaan lagoon.

Asked about the possibility of squatter camps around the mill, he said more people would come to the area, but housing was the responsibility of local authorities

Environmentalists say the steel mill will pollute the air and the lagoon

The West Coast Peninsula Transitional Council was confident that pollution from the facility would be negligible, town clerk John de Klerk told the inquiry yesterday

Asked whether he would still support the project if it endangered neighbouring wetlands and violated the international RAMSAR Wetlands Treaty, De Klerk said he was confident Saldanha Steel's anti-pollution measures and additional safeguards it planned would drastically reduce the risk of pollution from the plant.

There was overwhelming public support for the project which, if it got the go-ahead, would create 600 permanent posts and 4 000 temporary jobs during the construction phase. — Sapa be risk

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with surgeon Fanus Serfontein, right. With them is Gauteng he

Court stops immediate eviction of workers

Deborah Fine (189A) MD 2/8/95

AN ATTEMPT by Scaw Metals to secure the immediate eviction of more than 600 workers from its Union Junction Hostel in Germiston failed in the Rand Supreme Court yesterday

But Judge T Plewman ordered the matter to return to court on August 15 when the workers — believed to be mainly migrants from KwaZulu-Natal — will have to show why an eviction order should not be granted

Scaw MD Anthony Harris said in an affidavit before court that the workers' continued presence at the hostel could lead to labour unrest and "horrific violence"

Violence erupted at the hostel last month after the murder of National Union of Metalworkers of SA (Numsa) shop stewards committee chairman C Manyathi, who was shot 10 times in a hostel changeroom

Numsa workers and many non-union members demanded the hostel's closure and went on an unlawful strike on July 24 The strike spread to Scaw's Isithebe plant, in Natal and Rand Scrap in Germsiton

The workers resumed duty on July 28, on condition Scaw lodged a court application to evict the Zulu workers and publicly committed itself to the hostel's closure About 1 100 workers, mainly Numsa members and non-Zulu non-Numsa members, voluntarily vacated the hostel on July 28. About 600 Zulu workers refused to leave.

Numsa warned Harris its members blamed the Zulus for Manyathi's death

Advocate Malcolm Wallis SC, representing Scaw, said accomodation had never been part of their contract. But advocate Sias Reyneke, representing the workers, said his clients were "adamant" the accomodation had been promised as part of their employment conditions

The workers had refused to leave because Scaw intended relocating them to vacant land in the ANC-aligned Thokoza and Katlehong townships where they would be vulnerable to attack The sites also had no sanitation, no running water and no electricity

In addition, the Industrial Court still had to rule whether the eviction would constitute unfair labour practise

Top estates

Saldanha: 'We want the steel plant now!'

ARG 2/8/95

(189A)

JOHN YELD
Environment Reporter

WE want the Saldanha steel plant and we want it now!

This was the unequivocal message to the Steyn board of inquiry into the proposed R4,7 billion steel mill at Saldanha Bay from West Coast local authorities, business leaders, trade unions and the seven ANC branches in the region

Unemployment in the region was rife and Saldanha Bay was in danger of becoming a "ghost town", the board was told yesterday during a hearing at the SA Defence Force military academy in the town

The board, headed by former judge Jan Steyn, was appointed by Environmental Affairs Minister Dawie de Villiers following widespread objections to the project

On Monday, it held an on-site inspection and yesterday started two days of hearings in Saldanha Bay

In a submission on behalf of the ANC branches, Saldanha Bay ANC executive member Ebrahim Dalwai told the board they believed the green light for the steel project was long overdue

Their decision to support the project had been taken in consultation with West Coast branches of the SA National Civic Organisation (Sanco), the Food and Allied Workers Union (Fawu) and communities at large

John de Klerk, town clerk for the West Coast Peninsula Transitional Council which comprises the former municipalities of Vredenburg-Saldanha, Langebaan, Paternoster, Velddrif and St Helena Bay, said the region had been waiting patiently for years for the steel project which was "viewed as the logical solution to our struggling local economy"

Potential developers in the region would be expected to sign an environmental contract which would oblige them to apply mitigating measures

Responding to a question about the level of support for the transitional council, Mr De Klerk said this was "probably 80 percent, possibly more".

The chairman of the local ANC Women's League, Paulina Mali, told the board Saldanha Bay was "almost a ghost town"

"It's not the Saldanha we knew there are unemployed people, some with degrees, sitting on the street doing nothing"

WEDNESDAY
AUGUST 2, 1995 ★

ANC, BUSINESS BACK MILL

Saldanha 'ghost town' without steel project

CT 2/8/95 (58) (189A)

SALDANHA BAY residents said yesterday they "stood as one" in support of the proposed steel mill near their town, **MELANIE GOSLING** reports.

WEST COAST residents testifying before the Steyn inquiry yesterday came out in strong support of the controversial R4,7-billion Saldanha steel project — claiming the new industry would save Saldanha Bay from becoming a "ghost town"

In a joint statement submitted to the inquiry yesterday seven ANC branches backed the project

ANC representative Mr Ebrahim Dalwai said the mill "will not create jobs only, but also uplift the living standards of our communities"

Women's League chairwoman Mrs Paulina Mali said "I speak on behalf of the community and the youth If we don't get the steel factory we will be a ghost town It's the last resort to save Saldanha."

Local chamber of commerce chairman Mr Hennie Griessel said the steel mill was critical to the survival of the town, which had limited agricultural and tourism potential and an ailing fishing industry.

"Saldanha is a very colourless place in December and very few people come to see (it)," he said.

He said the community "stood as one" in support of the steel mill

He expressed serious concern about the Steyn inquiry and said if this was the way proposed industries were to be handled in the new South Africa, the country would be heading for trouble

In another development in the continuing tension among members of the National Parks Board executive, board chairman Mr Naas Steenkamp sent a fax to the inquiry yesterday saying any submissions by chief executive Dr Robbie Robinson next week were to be regarded as personal opinions.

Dr Robinson has repeatedly spoken out against the proposed mill.

● Inquiry chairman Judge Jan Steyn said yesterday he had been advised by the legal representatives of a group of objectors to the mill that they were unable to continue to represent them because of a shortage of funds.

The hearings continue in Saldanha Bay today.

Highveld Steel doubles its profit

(189A)

Michael Urquhart

BD 3/8/95

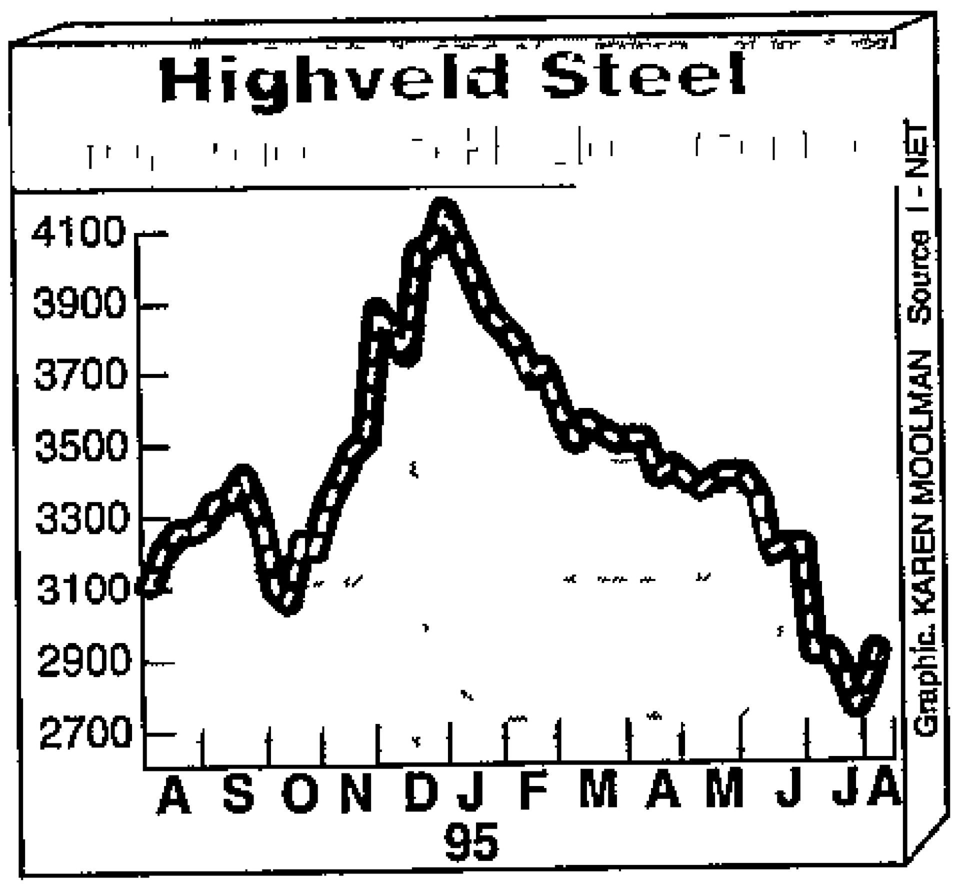
GOOD demand for its principal products boosted Highveld Steel & Vanadium's attributable profit by 100% to R98,4m for the six months to end-June, the company said yesterday

The improved profit was achieved on a 26% increase in turnover to R1,2bn, based both on higher prices and an increase in volumes

Earnings a share rose to 107c compared with 54,5c a year before, while a dividend of 35c (23c) was declared The directors said they had decided to award capitalisation shares in lieu of the dividend in view of the continued need for cash to fund the company's portion of the Columbus stainless steel joint venture

Highveld's portion of the Columbus capital expenditure for the review period had been R162,2m, of which R23,9m had been financed through long-term loans The remaining commitment was R192,6m

At end-June long- and medium-term liabilities stood at R741,2m, from R717,3m at end-December Highveld chairman Leslie Boyd said peak funding on Columbus had already been reached, and he could see it being self-financed from now on.



Boyd said prospects for Highveld for the second half should see earnings maintained at least at their current levels

The decline in vanadium prices over the review period had been more rapid than expected, although prices remained higher than for the first half the previous year

A capital project to enhance the produc-

Continued on Page 2

Highveld

(189A) BD 3/8/95

Continued from Page 1

tion of vanadium chemicals would commence later in the year for commissioning in the first quarter of 1996, while a modern ferrovanadium production facility would also be constructed Together the projects would cost R14,5m.

Boyd said international prices for all Highveld's steel products had shown significant increases during the review period The International Iron and Steel Institute had forecast further growth in world steel consumption of 1,2% in 1995

Domestic demand had been particularly strong, and prospects were good for continued strong demand for hot rolled steel products from the steelworks, he said

The increased demand for manganese alloys had allowed Transalloys to continue operating at full capacity Turnover was down at Rand Carbide, but it continued to produce ferrosilicon, whose price was climbing, at full capacity

Sales of aluminium cans by Rheem had also improved, with Boyd forecasting further growth But he said non-beverage can offtake was likely to be lower

Iranian oil 'could cause pollution'

SALDANHA — The Strategic Fuel Fund's massive oil storage tanks at Saldanha Bay would be flooded with seawater and employees retrenched if the deal to store Iranian oil at the facility fell through, the Steyn board of inquiry heard yesterday (189A)

Fund GM Kobus van Zyl told judge Jan Steyn — who is heading a three-man inquiry into the proposed R4,7bn Saldanha Steelmill project — it was not a question of the oil deal creating jobs, but protecting them

However, it was expected that the contract, which was still to be signed, would create 20 new posts in addition to the 80 staff presently employed at the facility

Van Zyl also admitted that although the fund had modern anti-pollution equipment worth millions of rands, he could not guarantee that an oil spill would not spread to Langebaan Lagoon

"We have a major problem in this area with the speed of the water. If the tide rises at top speed, it will be an effort to keep it out of the lagoon," he said BD 3/8/95

An estimated 578 barrels had been spilled in eight incidents since 1980 when the facility came on line

The fund would insist on vetting all ships carrying Iranian oil to ensure their seaworthiness and the quality of their cargo

"If this is not acceptable to them (the Iranians) then there will be no deal, because if we do not know what is coming into the harbour then we might have problems," Van Zyl said — Sapa

THURSDAY
AUGUST 3, 1995 ★

'MASSIVE IMPACT' FEARED

Saldanha water plan 'could ruin estuary'

(189A)

USING underground water for the proposed Saldanha steel mill could be even more damaging to the environment than taking it from the Berg River. **MELANIE GOSLING** reports.

THE proposed Saldanha steel mill's use of underground water from Langebaanweg could have a massive impact on the nearby Berg river system and possibly destroy its estuary, which scientists regard as the second most important estuary south of the Zambezi.

This emerged at a site visit to the Berg River yesterday by the Steyn board of inquiry appointed by the Minister of the Environment to investigate the desirability of the R4,7-billion steel plant planned for Saldanha Bay

Professor Bryan Davies of UCT's fresh water unit said there was a strong possibility that the underground water, or aquifer, at Langebaanweg could be linked to both the Berg River and Langebaan Lagoon

"There are no concrete facts to show whether it is linked or not, nor about how much water there is in the aquifer

"We need research to establish that it is not linked, or we could lose the second most important estuary south of the Zambezi If it is linked to Langebaan Lagoon it will lower the water-table and have a serious impact on the lagoon," Prof Davies said

Iscor has said it would use water from the Langebaanweg aquifer for the proposed steel mill after environmentalists said the Berg River could not support the proposed mill

CT 3/8/95

Prof Davies said the Berg River estuary was in the process of being declared a wetland of international importance in terms of the Ramsar agreement

"Ironically, Langebaan Lagoon is less significant than the Berg estuary in terms of bird populations It is second in importance only to the estuary at Walvis Bay"

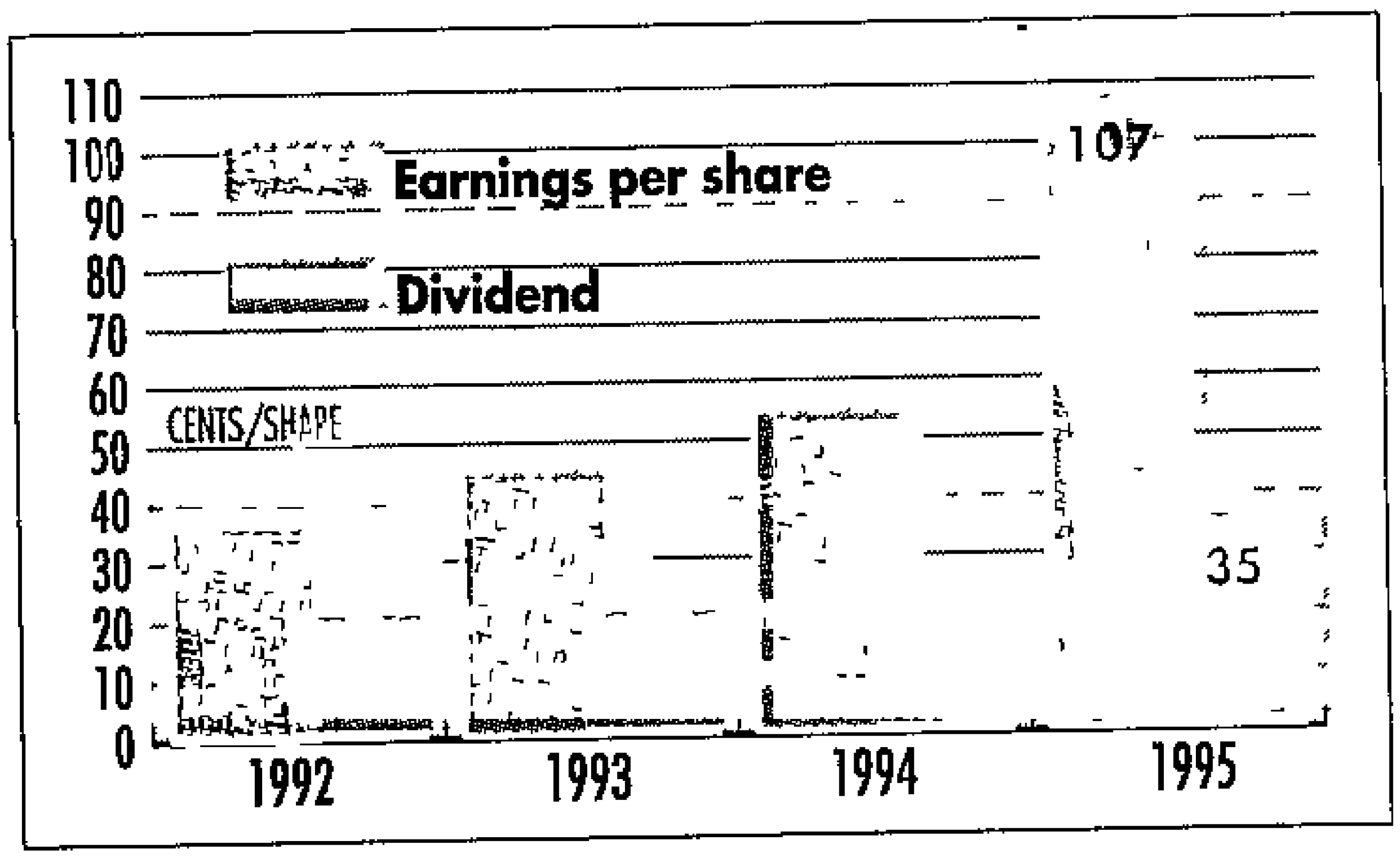
Fish stocks

There were 127 different bird species in the estuary

"The estuary has great significance for the fish stocks that many communities rely on," Prof Davies said

The Berg River floodplain was the only floodplain from the Kunene River between Namibia and Angola to the Pongola River in northern kwaZulu/Natal

Highveld interim results



Highveld doubles half-year earnings

By Andy Duffy ET(BR)3/8/95 (189A)

Staff Writer

Highveld Steel and Vanadium doubled attributable earnings to R98,4 million for the six months to June, propelled by surging demand across all its operations

Strong international and domestic steel markets and a recovery in vanadium prices helped lift Highveld's sales more than 25 percent to R1,2 billion

The Columbus stainless steel expansion — in which Highveld holds a one-third stake — also made a strong showing, with the company's share of sales climbing to R132,4 million from R124,8 million for the same period last year

Healthy steel and vanadium prices in the first half lifted operating profit 121 percent to R133,9 million A higher tax bill left share earnings at 107,1c from 52,6c The first-half dividend jumped 52 percent to 35c

Leslie Boyd, the chairman of Highveld, said second-half earnings should at least match the first-half showing, sustained by growing European and Far East demand and Columbus' growing output

The company, controlled by Amic, said all divisions except vanadium were working to capacity Steel production rose one fifth to 382 600 tons to exploit export prices $50 a ton higher at $340 as growth in Europe, Asia and the Pacific Rim kicked in

South African consumption also rose, though off a low base, and Highveld expected continued strong second-half demand for hot-rolled steel products

The company netted vanadium prices of $2,95 a pound and $4,15 a pound in the first two quarters, but prices had dropped back to $3 a pound — a level Highveld expected to see sustained as the market neared balance

Ferro-alloy prices improved, with the Rand Carbide division hitting full capacity on ferrosilicon production

Rheem division's sales rose marginally to R140,8 million from R133,7 million

But sluggish non-can demand in Gauteng and KwaZulu Natal was likely to dent second half growth transforming itself rapidly More details will be available in October"

As part of the consolidation of Nethold, Richemont injected cash of about $150m and convertible redeemable preference shares of $200m (convertible to ords should Nethold list or which can be bought back by MIH) into the new company

At the consolidation, about two months ago, it was estimated Nethold held cash of around $200m That will not cover the acquisition cost, and with Nethold expected to absorb development costs and show losses for the next two to three years or so, the purchase price will not be financed from cash flow

Debt could be taken on, though "funded internally" seems to rule this out Another possibility is that Richemont will inject more cash into Nethold, raising speculation that Richemont might increase its stake and thereby gain control

Bekker denies this However, until details of the funding are clear, such speculation is likely to continue

A public relations spokesman for Nethold was anxious to point out earlier this week that it was Nethold, not Johann Rupert and Richemont, which negotiated the deal with Mediaset's Silvio Berlusconi and which formed part of the consortium which is acquiring 19,8% in the Italian former Prime Minister's media empire for about $1,1bn

Initial reports from Europe named Rupert and Richemont because they are familiar names in Italy, he said. Cobus Stofberg, formerly with MCL and now overseeing the Italian market for Nethold, and Rob Hersov, CE of Richemont's former media arm Ichor and now a Nethold director, represented Nethold at the negotiations.

A good working relationship appears to be in place between the two groups which control Nethold Considerable value must be attached to Bekker and MCL's experience in developing pay-TV

Easier to understand is Nethold's motivation for the acquisition Apart from the need, previously spelled out by Bekker, to penetrate new markets and rapidly gain the critical mass necessary to compete globally, Mediaset is described by analysts as a mature, profitable business

Operating three channels in Italy and the largest advertising subsidiary, it had turnover of 3 trillion lira (about $1,9bn) in 1994 This is forecast to rise by about a tenth this year, with net profit of about 330bn lira It will not fall into the loss-making development category of other Nethold operations, including Italian pay-TV company Telepiu, in which Nethold has a 25% interest.

That means it should not affect Nethold's projected turnaround time of two to three years unless the company has to gear up to make the acquisition It could speed up the route to profitability by providing stable dividend income *Shaun Harris*

TONGAAT-HULETT SUGAR (189A)

Ending the drought

FM 4/8/95

The success of Tongaat-Hulett's re-engineering programme of the past four years was summed up last week when MD Cedric Savage told the AGM it was the first time in eight years — during which staff numbers have declined from 50 000 to 23 000 — that the group could announce an increase in EPS of more than 50%

That underpins Tongaat's strategy of achieving a basis for sustained real growth in earnings A significant investment programme is under way Apart from incremental expansion to support the growth of all seven divisions, two major planned projects — a new plant for the starch & glucose division and the expansion of the Hulett aluminium mill — will absorb at least R2,1bn over the next few years

This has implications for Tongaat's share price So, too, might board and senior management appointments made last week, which usher in a new order of young executives in a flattened management structure

Tongaat-Hulett's Savage ... *building for the next century*

The short-term outlook for earnings growth is strong. Chairman Chris Saunders says the first quarter showed a satisfactory improvement He is confident full-year attributable profit will rise by at least 25% The forecast should be regarded as conservative — 30% or more is likely

In the longer term, earnings growth will depend partly on capital projects about to be embarked on, in particular the successful conclusion of agreements around the aluminium mill expansion and the timing of the project

The R600m greenfields expansion for the new starch & glucose mill, near the Meyerton, Gauteng, factory has been approved Initial grind capacity will be 1 200 t/day, with the ability to expand to 3 000 t

The move will enable the division to resume exports (curtailed to meet domestic demand), develop new markets and meet local demand for at least eight years, says Savage

Preconditions for approval of the aluminium mill expansion still need to be met Clarity from government on capital investment incentives and the scaling down of tariff protection is required Finalisation of shareholder agreements with Amic and the IDC, which together will acquire half of the equity in Hulett Aluminium — appears to be a formality Savage expects the preconditions to be met within three months

Most important is the 10-year raw materials supply contract with Alusaf Both parties seek the most favourable deal Alusaf will want compensation when world prices decline, Tongaat must want protection from the metal's spikes Timing is significant At present prices, the deal would be worth about R2m a day to Tongaat.

Lack of details on funding for the project and the R600m to be spent on the new starch & glucose mill has almost certainly been curbing the share price Savage says funds are in place About R400m will be realised following last week's shareholder approval to issue for cash new shares representing 10% of issued share capital At least R300m will come from the Amic-IDC purchase of half of Hulett Aluminium And Tongaat has R200m cash

The consideration now is the most efficient, possibly most tax-effective, form of funding Saunders says that at no stage will Tongaat allow gearing to exceed 40% Current projections for the two main capital projects indicate gearing should not exceed 25% within 10 years, he says

Succession planning has taken concrete form Steven Saunders (35) is to chair the sugar division and joins the boards of the starch & glucose and property divisions Bruce Dunlop (41) was recently made MD of the sugar division Former chairman Dick Ridgway, Walter Strachan and Kees van der Pol retired from the main board last week Wiseman Nkuhlu has been appointed to the board and Dunlop has become an alternate director.

Geoff Cleasby and J B Magwaza have been made directors of the building materials division. Magwaza's responsibilities are to be extended from black economic empowerment (he has been instrumental in selling large areas of cane land to small, black farmers) to include corporate affairs and public relations

Richard Baker (44) is MD-designate of C P C Tongaat Foods and Peter Staude (42) takes the same title at Hulett Aluminium

The appointments, especially the infusion of younger management, should be well received by the market But some analysts believe the elevation of Steven Saunders may be viewed as a continuation of the old Durban family, and Anglo American, custom of promoting family members Whatever his

P.T.O

capabilities (his academic qualifications are impeccable) Saunders is a fifth-generation family member to head the sugar interests The appointment may not be fair to him

Savage sees the appointment as a strength, projecting continuity and stability Outside perceptions may differ

The share has firmed since release of the annual report a few weeks ago At R44,75, it is now close to its yearly high of R46 There must be considerable longer-term value On a 16,4 p e, it looks inexpensive in the food sector. Sugar remains the mainstay, but, if the aluminium expansion goes ahead as planned and the demand for building materials takes off, Tongaat may soon have to transfer to a different JSE sector *Shaun Harris*

Steel demand boosts CMI

(189A)

■ BY DEREK TOMMEY

Star 4/8/95

Buoyant world-wide demand for ferrochrome-based stainless steel boosted the taxed profit of the ferrochrome producer, Consolidated Metallurgical Industries elevenfold in the year ended June to R110,9-million from R9,9-million last year

The company has paid a dividend of 50c a share — its first payment to ordinary shareholders since 1990

It has also announced that it is embarking on a R85-million expansion, building a fourth furnace at Lydenburg capable of producing 70 000 tons of ferrochrome a year

Sandy Wood, the deputy chairman, said all production had been presold to Taiwanese stainless steel producers

To support this production increase, the company intends exploiting the Thorncliffe lumpy chrome deposit as well as mineral rights owned by Anglo American Platinum, which adjoins its Purity Mine, on a royalty basis

The company's sales rose 60% to R476,6-million Operating profit almost quadrupled, rising from R20,5-million to R78,5-million Earnings before dilution amounted to 235c a share (1c loss) while diluted earnings were 185c (17c) a share

Wood said the company had progressed well and in terms of market positioning, improved financial standing, capacity utilisation and development, was well placed to take advantage of the expected significantly better trading conditions

Sustained growth in stainless steel is expected to support the much improved business climate.

Land use laws 'should be changed'

(1894) BD 4/8/95

CAPE TOWN — Land use laws should be changed to force local authorities to take environmental concerns more seriously, the Steyn inquiry into the Saldanha steel project was told yesterday.

Present legislation was too vague, Western Cape's planning directorate Vic Theunissen said. New planning legislation should also ensure broader public participation in planning land use.

The ordinance's requirements for local authority land use structure plans were vaguely worded and paid too little attention to environmental concerns

As a result, some environmental impact assessments were only a few paragraphs long, while others were pages thick. Structure plans themselves often varied, depending on who produced them and what brief they received from the local authority

With no set standards, it was possible that two firms of town planners working separately could produce structure plans for the same area which "differed considerably"

The ordinance also gave local authorities too much discretion in how it could advertise rezoning applications.

"I suggest clear regulations should be drawn up to promote awareness of issues (raised in land use plans) more explicitly."

Earlier, environmental lawyer and former law professor at Chicago University Prof Denis Cowen told the inquiry land use guidelines drawn up in 1975 for Saldanha ignored SA's obligations to the Ramsar International Wetland Treaty it had signed two years earlier

The site had again been ignored in the Saldanha structure plan completed in 1992. "The perception might be created that SA is not taking is international obligations seriously"

However, board of inquiry member Rufus Maruma pointed out that the Ramsar conference decision, known as the precautionary principle, had been interpreted differently by the signatories. — Sapa.

'Protect the islands' call at Saldanha steel plant probe

(1894)

Staff Reporter

ISLANDS in Saldanha Bay are part of a designated Ramsar Convention site — an international agreement, which South Africa has signed, to protect wetlands

One of the islands — Marcus Island — is only about seven kilometres from the proposed R4,7 billion Iscor steel plant

This was evidence to the Steyn board of inquiry into the steel plant by lawyer and environmentalist Denis Cowen, who said South Africa had to be aware of its international and environmental obligations when contemplating the steel project.

The board of inquiry, headed by former judge Jan Steyn, has been appointed by Environmental Affairs Minister Dawie de Villiers to investigate the proposed project and its implications

Giving evidence to the board when it resumed its Cape Town sittings in the Huguenot Chambers yesterday, Professor Cowen said he believed the planners of the Saldanha project had taken a highly restricted view of the environment and this concerned him

He also said it appeared that insufficient attention had been given to the provisions of the Ramsar Convention

Parties who had signed the convention had agreed that if the impact of any actions which might impinge on a Ramsar site were not clearly understood, such actions should be prohibited

This should be done even if there was insufficient evidence to prove a direct link between those activities and the resulting degradation of wetland, Professor Cowen said.

In the case of the proposed Saldanha steel project, this applied to the Langebaan Lagoon and Berg River.

Professor Cowen expressed concern about the ecological implications of the steel project for Marcus Island, part of the Langebaan Lagoon site designated in terms of the Ramsar Convention.

ARG 4/8/95.

Witness faults project plan

Staff Reporter

THE structure plan for the Saldanha Bay area — used by the Saldanha steel mill proposers as part of their motivation for the project — had been extremely poorly advertised and had not been exposed to wide public participation

This was evidence from land-use planner Mark Callaghan to the Steyn board of inquiry at the Huguenot chambers in Cape Town yesterday

Mr Callaghan also said the structure plan had not been drawn up in an environmentally integrated manner

He believed the plan did not fully address environmental, tourism and recreational implications for the area

Town and regional planner Mawer Visagie, who was involved in compiling the structure plan, said it was a requirement that the structure plan be advertised in an English- and an Afrikaans-medium newspaper, and he believed there had been a wide range of responses

Neither the Department of Environmental Affairs nor the National Parks Board had raised major objections in letters to project planners

With hindsight, public participation had not been ideal, he said

Saldanha start-up delay likely

(1898) (SB)

BY ANDY DUFFY

STAFF WRITER

CT 4/8/95 (BL)

The start-up schedule for the controversial Saldanha Steel project is being revamped in a bid to cushion the impact of growing delays on the R3,5 billion scheme

The project — currently mired in an official enquiry — is considering delaying the date for its first steel production by three months to December 1997 Iron production could start six months later in March 1998

Joint shareholders Iscor and the Industrial Development Corporation will aim to salve any bruised earnings by cutting the timetable for hitting full capacity from two years to 18 months

Chairman Bernard Smith said yesterday the company could speed up Saldanha's construction to recover lost ground, provided the go-ahead was given this month. But it was difficult to predict further slippage in schedules. "Each month that goes by is a serious issue. If it isn't resolved soon then the shareholders will have to reconsider their position," he said

Company sources said the project remained viable provided construction started by December Beyond that, the growing cost of the delay would be too much for shareholders to stomach.

The new mill would produce hot-rolled coil, with its output targeting overseas markets Saldanha Steel has said the plant could bring in at least R1,6 billion in foreign exchange. But Iscor made it clear it would dump the scheme if construction remained on hold.

Planners have used the delay to fine tune construction and production details. The scheme's major building and equipment contracts are scheduled to be awarded next month, just three months after the work went out to tender.

Steel demand boosts CMI's profit

CT (BR) 4/8/95 (189A)

BY DEREK TOMMEY
MINING EDITOR

Buoyant world-wide demand for ferrochrome-based stainless steel boosted the taxed profit of the ferrochrome producer, Consolidated Metallurgical Industries eleven-fold in the year ended June to R110,9 million from R9,9 million last year

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It has also announced that it is embarking on a R85 million expansion, building a fourth furnace at Lydenburg capable of producing 70 000 tons of ferrochrome a year

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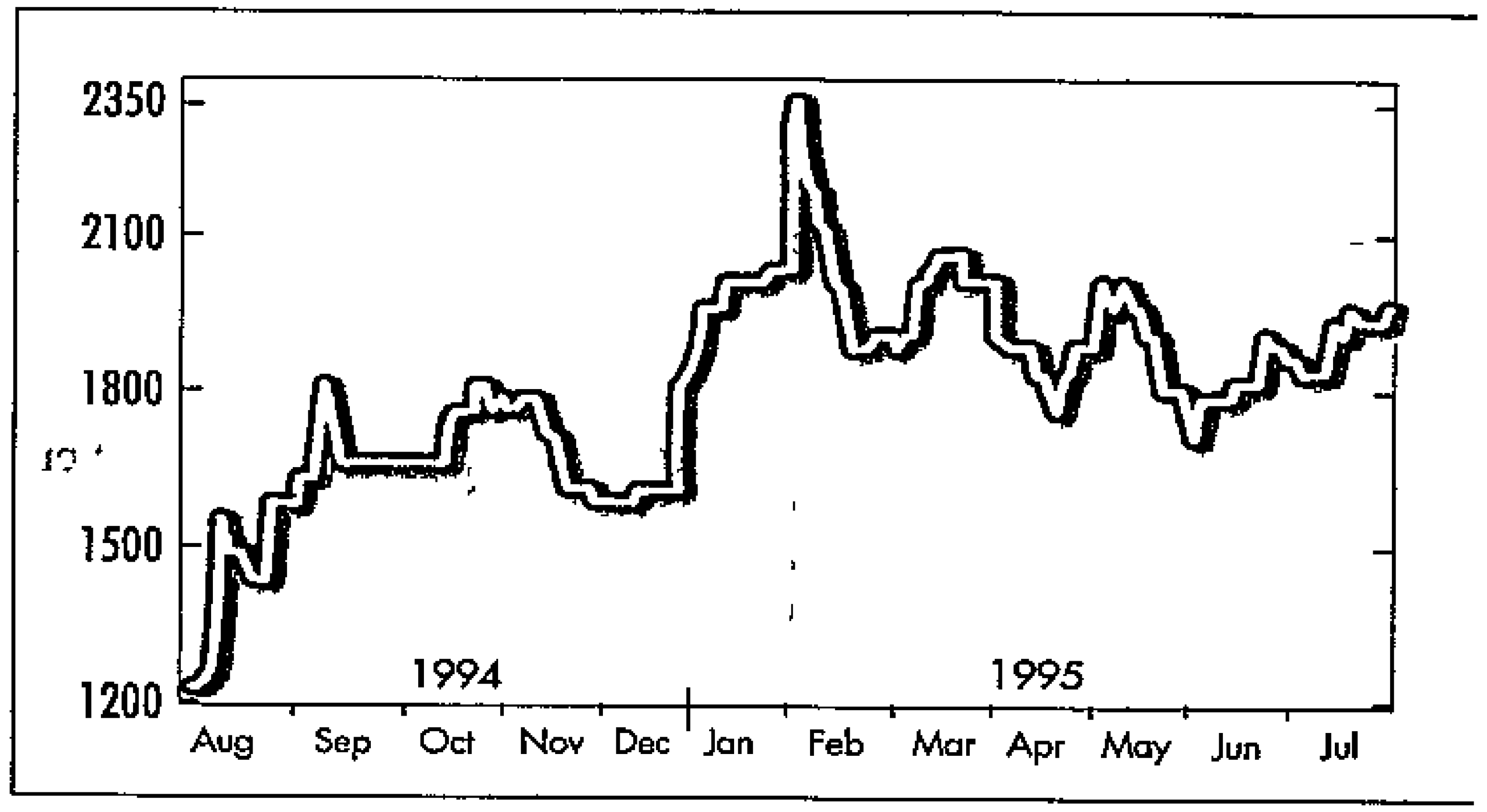
CMI 12 monthly share price



These should provide substantial growth in earnings in 1995-96

Sustained growth in stainless steel is expected to support the much improved business climate

Allan Kuhnert, the marketing director, said this year appeared to be headed for another record year for stainless steel Most producers have full order books well into the fourth quarter

He said stainless steel production was expected to continue its strong growth in 1995-96 in line with economic growth

This year, production is expected to grow 7,5 percent to 14,1 million tons Next year production is expected to grow by 5 percent to 14,81 million tons The lower growth is not the result of a slow down in demand but lack of capacity

Demand for ferrochrome is expected to rise faster than that for stainless steel owing to a shortage of stainless steel scrap which is used as a substitute for ferrochrome

'Land use laws open to abuse'

(189A) 28

MELANIE GOSLING
STAFF REPORTER

SOUTH AFRICA's land use laws were attacked at the Steyn inquiry into the Saldanha steel project yesterday for being vague and leaving too many decisions in the hands of local authorities who had an interest in increasing their tax bases.

Former provincial deputy chief planner Mr Vic Theunissen said in evidence yesterday that the Saldanha-Vredenburg local authority would have had complete jurisdiction to give the go-ahead for the Saldanha steel project had there been no objection to the proposed rezoning.

Once there was an objection, the matter had been referred to the provincial authorities.

Regarding land use plans, Mr Theunissen said there were no clear specifications in the Land Use Planning Ordinance for what environmental input was required when drawing them up.

"The rigour of the plan depends very much on who did it and whether it is good or bad. Integrated environmental management is left to the discretion of the planning professional and is not embodied in law," Mr Theunissen said.

He said much of the procedure for drawing up land use plans — particularly regarding advertising and public participation — was left in the hands of local authorities.

CT 4/8/95

Tax base

Inquiry chairman Mr Justice Jan Steyn expressed concern about legislation that "casts everything in concrete" as this would mean business could not function properly.

But he said local authorities had a motive to approve projects that increased their tax base.

Land-use planner Mr Mark Callaghan said that the Saldanha-Vredenburg land use plan had not been drawn up in an evironmentally integrated manner.

Saldanha start-up delay likely

(1898)

BY ANDY DUFFY
STAFF WRITER

CT 4/8/95 (BL)

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Planners have used the delay to fine tune construction and production details. The scheme's major building and equipment contracts are scheduled to be awarded next month, just three months after the work went out to tender.

Damaged track puts another spoke in steel project

A further question mark has been placed over the viability of the controversial steel project planned for Saldanha with Spoornet's acknowledgement that the Sishen-Saldanha railway track will have to be replaced, reports WILLEM STEENKAMP

In another major setback for the controversial steel project planned for Saldanha, Spoornet has admitted that the 860km-long Sishen-Saldanha railway track will have to be replaced at a cost of about R500-million within about five years

This has been attributed to a miscalculation by engineers who failed to allow adequately for the interaction between the heavy iron ore trains and the track when it was built in 1975.

This puts a further question mark over the viability of the R4-billion steel project planned for Saldanha

Since 1984, engineers have been working on the track to repair damage caused by the interaction between the train trucks, the locomotives and the track itself

When loaded with iron ore, each truck applies a pressure of about 104 tons on the track About 21-million tons of iron ore a year is transported on the track

Interaction between the trucks, locomotives and the track has been eating away at the railway line over a period of time Engineers have been using special grinding and heavy-duty sanding equipment to grind back the profile of the damaged track since 1984

The cost of these repairs runs to about R5-million a year and maintenance and repairs will continue until the turn of the century

But Frans Bruwer, infrastructure manager of Spoornet in Saldanha, has admitted that soon after the turn of the century the track will have to be systematically replaced because only so much reprofiling of the track can be done

The total cost of replacing the track will be about R500-million

Bruwer said engineers were aware that tracks carrying heavy-cargo trains suffered from deterioration caused by the interaction between the trains and the track But the engineers had failed to fully grasp the problem early on

He said the steel tracks used on the Sishen-Saldanha track were made from a super-hard chrome and manganese alloy This material is harder than the conventional carbon steel lengths used on other railway lines

However, in spite of using the harder material, the track was still damaged Because of the near-collapse of the world steel market in the mid-1980s, a lack of funds prevented adequate preventive repairs to keep the track in tip-top shape

But by 1989-90 the transport of iron ore on the line increased and money was available to start reprofiling and repairing the track.

Danie Barnardo, regional manager of Spoornet in Saldanha and also harbour manager, said the interaction between the track and trains which caused the damage was "a very difficult and complex problem"

"In fact we have a group of experts who are based in Saldanha and whose brief is to study the problem and look after the track."

Barnardo said Saldanha Steel would also need about 750 000 tons of coal a year for its steel mill if the project goes ahead If the company decided to have the coal transported to the mill on the same track, this would add a further 750 000 tons of cargo a year on the rails

Saldanha Steel was also considering bringing in the coal by sea This would mean that the existing iron ore jetty would have to be extended and the harbour deepened to handle the coal delivered by ship

Environmentalists are not keen that blasting be done in the harbour and have also expressed concerns about dust pollution from the offloading of coal in ecologically sensitive Saldanha Bay, which is only 10km from Langebaan lagoon

Star 5/8/95 (189A) (

Rail repairs new blow to Saldanha steel project

(189A)(06) ARG

WILLEM STEENKAMP
Staff Reporter

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■ To page 2

Rail repair setback to Saldanha steel project

■ From page 1 ARG 5/8/95 (189A)(06)

tinue until the turn of the century.

But Frans Bruwer, infrastructure manager of Spoornet in Saldanha, has admitted that soon after the turn of the century the track will have to be systematically replaced as only so much re-profiling of the track can be done

The total cost of replacing the track will be about R500 million

Mr Bruwer said engineers were aware that tracks carrying heavy cargo trains suffered from deterioration caused by the interaction between the trains and the track But the engineers had failed to grasp the problem fully early on.

He said the steel tracks used on the Sishen/Saldanha track were made from a super hard chrome and manganese alloy. This material was harder than the conventional carbon steel lengths used on other railway lines.

However, in spite of using the harder material, the track was still being damaged Because of the near-collapse of the world steel market in the mid-80s, a lack of funds prevented adequate preventative repairs to keep the track in tip-top shape

But in 1989 the transport of iron ore on the line increased and money was available to start re-profiling and repairing the track.

Danie Barnardo, regional manager of Spoornet in Saldanha and also harbour manager, said the interaction between the track and train was "a very difficult and complex problem".

"In fact, we have a group of experts who are based in Saldanha and whose brief is to study the problem and look after the track."

Mr Barnardo said Saldanha Steel would also need about 750 000 tons of coal a year for their steel mill if the project went ahead. If the company decided to have the coal transported to the mill on the same track, this would add a further 750 000 tons of cargo a year on the track.

Saldanha Steel was also considering bringing in the coal by sea. This would mean that the existing iron ore jetty would have to be extended and the harbour deepened to handle the coal delivered by ship.

Environmentalists do not want blasting in the harbour and have also expressed concerns about dust pollution from the off-loading of coal in the ecologically sensitive Saldanha Bay, which is only 10 km away from the Langebaan lagoon.

Saldanha steel project 'could destroy Berg River estuary'

(189A)

JERMAINE CRAIG
Staff Reporter

ARG 5/8/95

THE Saldanha Steel Project could possibly destroy the Berg River estuary, the only riverine floodplain on the west and south coasts of South Africa

This is according to Bryan Davies and Jenny Day, of the University of Cape Town Freshwater Research Unit, who testified to the Steyn Board of Inquiry into the proposed Saldanha steel mill in Cape Town yesterday

There are 127 bird species, a combination of 14 different types of vegetation communities, and 31 species of fish in the Berg River estuary

Many of these fish species form the basis of employment and sustenance for the people of Saldanha, which is essentially a fishing village

Professor Davies feels there has been a "glaring lack of holistic appraisal" of the proposed development's impact on these lifeforms

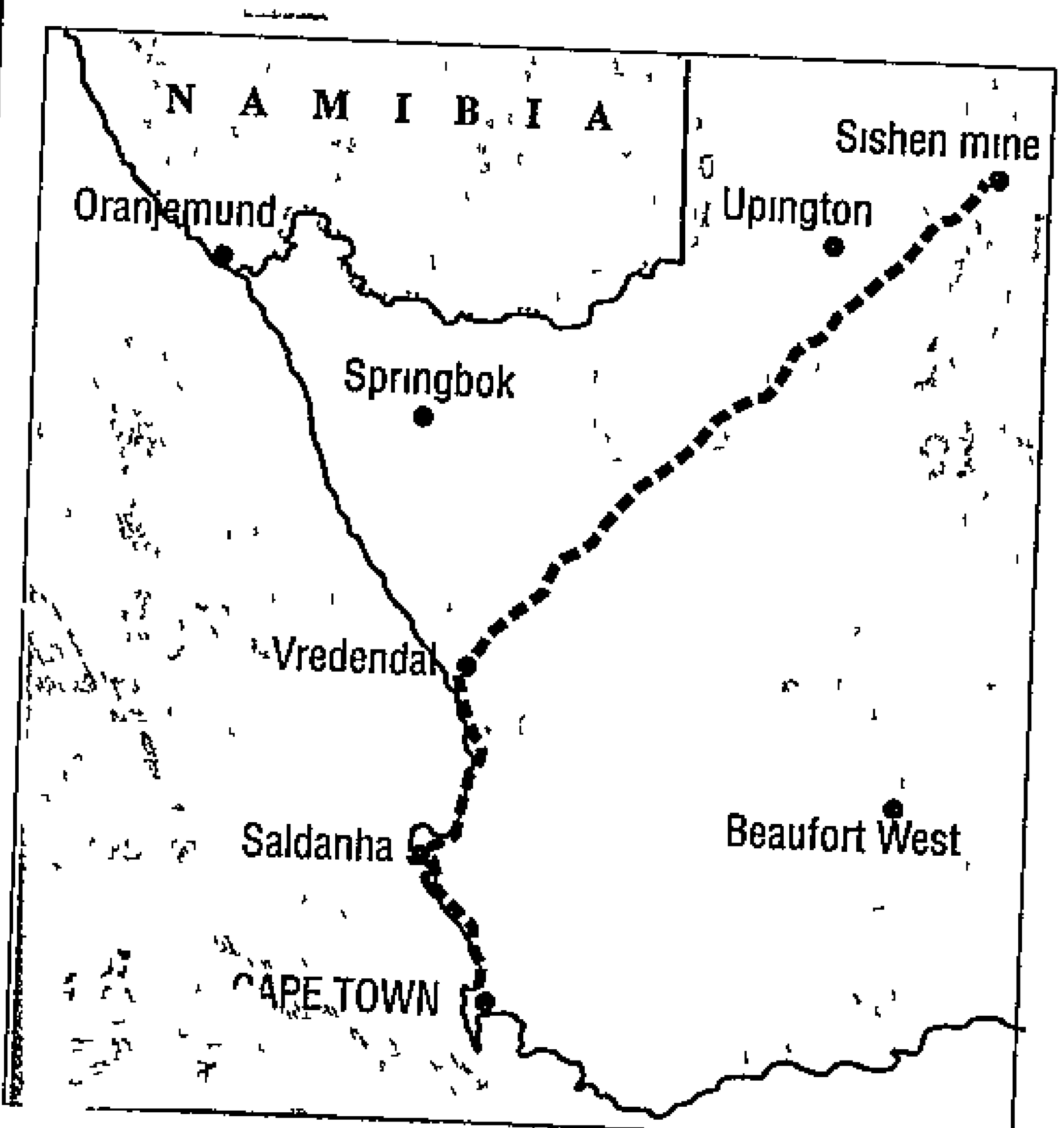
Professor Davies maintains that he is not against development in general, but he is against development which is unsustainable

"The issue is not one of putting the environment against people or job opportunities People are part of and dependent on the environment. The environment should be maintained so that people can be sustained," he said

Iscor would be using water from the Langebaanweg aquifer for the proposed project. Professor Davies expressed concern that there is not sufficient proof that this aquifer is not linked to the Berg River estuary

If this were the case it could put a strain on the region's already depleted water supply

This could result in the degradation of the Berg River system to such an extent that it could be lost forever



☐ **FRAGILE FLOODPLAIN:** A map of the Berg River estuary at Saldanha Bay

'WATER NEEDS COULD DESTROY ECOSYSTEM'

Scientists slam steel project

er 7/8/95 (189A)

THE WATER requirements of the proposed Saldanha steel mill and subsidiary industries could have devastating consequences, scientists say. **MELANIE GOSLING** reports.

WATER scientists have cast serious doubt on the ability of the arid West Coast region to support the proposed Saldanha steel project and the industrial growth likely to be triggered if the mill is approved

Testifying before the Steyn board of inquiry at the weekend, scientists also slammed the "glaring lack of a holistic appraisal" of the impact of the proposed industrial growth on the Western Cape, including Cape Town.

Professor Bryan Davies of UCT's Freshwater Research Unit said the R4,7-billion steel mill would use 16 000 tons of water a day — six million tons a year

The satellite industries would use an additional 20m tons a year and the increased workforce would push up the annual urban water consumption in the region to14m tons — bringing water consumption to a total of 40m tons a year

Catastrophic

"If any reliance is placed on the Berg River for additional water supply then this river will degrade to the extent that one of the most important wetland/floodplain ecosystems in Southern Africa will be lost, perhaps for all time

"This will have catastrophic implications for coastal fisheries, migratory birds, a suite of endangered species and the human populations dependent on it for their living," Prof Davies said

The loss of the wetland would also have international implications as the site was currently being considered for registration as a "wetland of international importance"

He said the Berg River floodplain and estuary had a unique combination of 14 different vegetation communities and five different types of wetland There were 127 bird species, five of which were endangered.

"There is a higher proportion of fish species dependent upon this estuary than on any other estuary in South Africa

"Many of these fish species form the basis of employment and sustenance for hundreds of families who live on the West Coast," Prof Davies said

Director of UCT's Freshwater Research Unit Dr Jenny Day said the exact amount of water in the two underground water bodies in the region — the Langebaanweg aquifer and the Elandsfontein aquifer — was unknown

Profound

It was possible that these aquifers were connected underground to the Berg River and to Langebaan Lagoon If industry used water from the aquifers it could have profound effects on both the lagoon and the river

Inquiry chairman Mr Justice Jan Steyn said the scientists' evidence had presented "considerable new information" which in many instances was in conflict with that supplied by the Department of Water Affairs

He adjourned the hearing to study the new information

Slagment considers new factory for Saldanha

(189A)

CT(MR) 7/8/95

By ROY COKAYNE

Cement extender producer Slagment is considering building a new factory, which will cost between R60 million and R100 million, alongside Iscor's Saldanha Steel project

Slagment is a cement extender that makes concrete denser and enhances its durability with time

It comes from the materials formed by the blast furnaces at Iscor and which would normally be discarded

A major environmental benefit of Slagment is that it minimises the ugly dumps that could blot the landscape in the proximity of urban environments and puts material that would have had to be dumped to constructive use

Peter Graham, general manager of Slagment, which is owned by the major cement companies — Anglo Alpha, Pretoria Portland Cement and Blue Circle — confirmed they were "talking to Iscor and the Iscor Saldanha Company"

"If Iscor's Saldanha project goes ahead, we will be interested in building a factory there

"There is also a chance to put up a factory inside the Saldanha plant, which will reduce our transport costs," he said

Graham said the envisaged factory would be similar in size to its Pretoria factory, which produces between 300 000 and 400 000 tons of Slagment annually

He said a factory at the coast would also boost the company's exposure in the export market.

Slagment sales manager Ian McKenzie said it was prohibitively expensive to transport Slagment to the coast

"This kills exports We get a lot of export inquiries and a lot of countries, which will take big volumes, have been identified for export

"We could utilise everything that is available out of the Saldanha factory for exports, but the margins are low and the government does not offer incentives for exporting cement

"It is vital for us to get government assistance The General Export Incentive Scheme provides negligible benefits, which means it is not attractive to take risks on the international market for the returns we can get out of it"

McKenzie believed about half of the output of the Saldanha factory would be for the Cape Town market and the balance for exporting He said Slagment was currently being exported to Malawi and Uganda This year about 10 000 tons of the 300 000 to 400 000 tons of Slagment produced by the Pretoria factory will be exported

Slagment has just installed a new bag load-out facility at their Pretoria factory, which will increase the hourly loading capacity of bagged Slagment by more than 85 percent

Loading capacity has increased from 700 bags an hour to 1300 with both the inverter and the shuttle conveyor in operation As the monthly demand increases, the production output can be increased from 100 000 bags to more than 300 000 bags

"Not only has the facility improvement meant an increase in capacity, but our customers receive better service," Graham said

Samancor lifts its earnings by 32,4%

BD 8/8/95

Marcia Klein (189A)

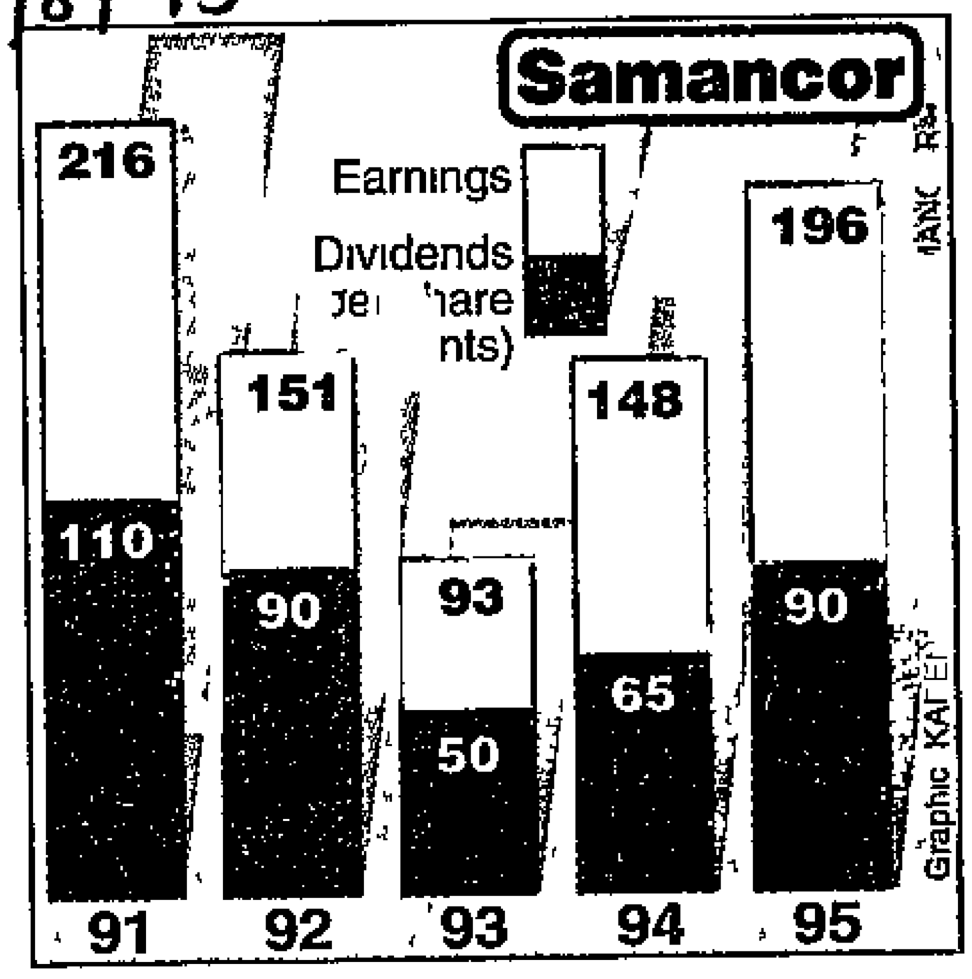
INCREASED demand for its chrome and manganese products saw Samancor lift earnings by 32,4% to 196c (148c) a share in the year to June

Executive chairman Mike Salamon also announced various expansion projects in view of increased ferrochrome demand from 33,3%-held Columbus Stainless Steel, higher demand from long-term partners and the overall market growth in stainless steel

These included spending R23m to add 20 000 tons a year to the ferrochrome-from-slag recovery plant at Tubatse in the Eastern Transvaal, R92m to build a 6th furnace at Tubatse to produce 55 000 tons of ferrochrome a year, and R67m to build a melting furnace at Middelburg ferrochrome All would be funded from internal resources

Samancor was also trying to find a new source of manganese alloy capacity

Commenting on the financial performance, he said that in all instances volumes, and not necessarily prices, had been the



main factor. The 24% rise in turnover to R2,7bn (R2,2bn) reflected higher sales volumes in the manganese and chrome divisions and, to a lesser extent, a more favourable exchange rate.

For the first time, Samancor has published turnover contributions by operating

Continued on Page 2

Samancor

(189A) BD 8/8/95

Continued from Page 1

division Manganese contributed 37% from 39% previously, chrome regained its major share with a contribution of 44% (38%) and other interests, which include its various joint venture alliances, made up the remaining 19% (23%)

Pre-tax income was 35,3% higher at R506,1m (R374,1m) Salamon said the continued improvement in operating results reflected increased demand for ferrochrome due to a better than expected stainless steel market, higher sales of manganese ore and, to a lesser extent, the favourable exchange rate

Tax was only marginally higher due to dividends paid to Samancor from subsidiaries Income from associates jumped to R42,4m (R23,2m) on a higher contribution from Columbus and a maiden R11m contribution from offshore investments.

Attributable income before abnormal items was 61,2% higher at R371,6m (R230,5m) But an abnormal item in the previous year, relating to a 1989 export allowance paid back in that year, saw it report a 32,6% rise in attributable income to R371,6m (R280,2m)

A final dividend of 60c a share was declared to bring the full-year dividend up by 38,5% to 90c (65c) a share

Salamon said the chrome division more than doubled its contribution to group profit on the back of higher sales volumes, cost control and marginally higher prices There was an increase of more than 35% in tonnage terms, but price increases were only 3% year-on-year.

The chrome division benefited from a significant rise in total world stainless steel production to 13,9-million tons which was well above predictions.

Salamon said higher demand for ferrochrome saw Samancor switch five furnaces back to ferrochrome production. It needed to increase production by a further 30% this year.

Manganese ore export volumes rose more than 20% on the back of growth in the carbon steel market. Total manganese alloy sales rose 18% to top 500 000 tons for the first time.

Salamon said Samancor had made a number of successful alliances. These included taking management control of Anglovaal's Lavino mine and the Middelburg Technochrome joint venture with Showa Denko and Marubeni Corporation

Samancor expected a significant improvement in profits in the coming financial year on the back of higher volumes and prices and an increased contribution from Columbus.

Threat of lead, acid at Saldanha

Staff Reporter (189A)

THE importation of raw materials for steel-making would generate acid and lead in groundwater and stormwater and air pollution in the Saldanha-Vredenburg area, an independent witness told the Steyn board of inquiry

Dennis Everett, a Johannesburg engineering consultant who specialises in pollution control, was testifying at the inquiry into a proposed R4,7 billion Iscor steel mill at Saldanha Bay.

ARG 9/8/95

He said materials such as coal, steel and iron contained sulphur which would generate acid and cause a substantial environmental hazard

About 14 000 tons of acid fog could be produced each year in the area

He said the unique, environmentally sensitive site was not suitable for the "very heavy industry" of a steel mill, or even for light industry or urbanisation

The inquiry is headed by former judge Jan Steyn

Mill: 'Naive' to say no pollution

CT 9/8/95 (189A)

MELANIE GOSLING

THE proposed Saldanha Steel plant would emit over 700 tons of sulphur dioxide annually, which would give rise to about 14 000 tons of diluted acid fog over the area every year, the Steyn board of inquiry heard yesterday

Dr Denys Everett, a chemical engineer called as a witness by the Northern Cape government, said the acid fog would move over Vredenburg and have an impact on the natural vegetation

There was a danger that diluted sulphuric acid from the stockpiled ore and coal at the proposed R4,7-billion plant could leak into underground water "It is naive to say pollution will not occur"

He was called by Mr Willie Duminy, SC, counsel for the Northern Cape government and the Campaign for Saldanha who wanted to put the case for Sishen as a suitable alternative site

No mandate

However, chairman Mr Justice Jan Steyn said it was not part of the board's mandate to look at alternative sites and criticised the Northern Cape for using taxpayers' money to pursue a matter which was beyond the board's mandate

"Why is the government of the Northern Cape using public funds to promote the views of people who have holiday cottages at Langebaan?" Judge Steyn asked

Mr Duminy said it was well within the powers of the Northern Cape to promote the Sishen site

Board member Mr Rufus Maruma said. "I fail to understand that any government could come and attack Saldanha Bay on ecological principles — to say this company is a polluter, a monster, but let this monster come to me"

Judge Steyn agreed to allow Mr Duminy to present evidence on condition he restricted it to discussing the viability of the Saldanha site for the steel mill.

Saldanha probe told of men's prior relationship

Z/Star 10/8/95 (189A)

Cape Town — National Parks Board chairman Naas Steenkamp's relationship with Saldanha Steel executive chairman Bernard Smith and Iscor managing director Hans Smith was spotlighted at the Steyn inquiry yesterday

Mr Justice Jan Steyn is heading a three-man board of inquiry appointed by Environmental Affairs Minister Dr Dawie de Villiers to investigate the proposed construction of a R4,7-billion steel plant at Saldanha Bay.

Giving evidence to the inquiry was Dr Jan Smith, a Cape Town dentist who told Judge Steyn he was appearing on behalf of the "neglected birds and bees, oysters and mussels" of Saldanha.

Smith said Steenkamp's previous involvement with the two businessmen when they worked at Gencor might explain the parks board's neutral stance on the development

Steenkamp does not appear to have the support of his staff, notably parks board executive director Dr Robbie Robinson, who is opposed to the plant being built at Yzervarkensrug, 2km from Saldanha harbour

Steenkamp has said the parks board will not oppose the development of the plant at Yzervarkensrug as long as certain environmental precautions are taken

Steyn described Smith's allegations as unjustified and unproductive Legal counsel for Saldanha Steel Marius Helberg said he wanted it recorded that the company rejected the claims — Sapa.

Saldanha fog estimate slated

(139A)

MELANIE GOSLING

CT 10/8/95

A SCIENTIST slammed as a "gross over-estimation" yesterday evidence before the Steyn inquiry that the proposed Saldanha Steel plant would give rise to 14 000 tons of acid fog in the region each year

Testifying before the board of inquiry into the desirability of the R4,7-billion steel mill at Saldanha Bay, air pollution expert Dr Nico Boegman said: "Although the estimation looked nice on paper, it was a gross over-estimation"

He said most of the proposed plant's sulphur dioxide emissions, which causes acid rain or fog, would be released about 40m above the Saldanha fog belt.

"It will be hot, about 123°C, so there will be a thermal rise to between 120m to 150m above the ground and with normal dispersion it (sulphur dioxide) will dissipate," Dr Boegman said.

Earlier dentist Dr Jan Smith, who said he was testifying on behalf of the "oysters and mussels, birds and the bees" of Saldanha, questioned the relationship of National Parks Board chairman Mr Naas Steenkamp with Saldanha Steel chairman Mr Bernard Smith and Iscor managing director Mr Hans Smith.

He said the three were former Gencor colleagues.

(1899)

SAMANCOR/CMI FM 11/8/95

Out of the wilderness

SA's main ferrochrome producers have a lot to smile about Both have returned strong results for financial 1995, JCI's Consolidated Metallurgical Industries (CMI) taking the market by surprise with an attributable profit of R100,5m

Executive chairman Mike Salamon says Samancor has been operating at full capacity since April this year It is all a far cry from the dismal scene of a few years ago Premised as the ferrochrome business is on world stainless steel output and demand, both Samancor and CMI are starting to reap benefits after the wilderness years Samancor is also enjoying the largesse from a huge increase in manganese export volumes which exceeded 500 000 t for the first time

Samancor's results appear at first glance less arresting, though they are formidable enough. Turnover rose to R2,7bn compared with last year's R2,2bn and flowed through to operating income without a hitch, reflecting tighter controls and lower unit costs Attributable after abnormals of R372m is 61% better than in 1994 EPS of 196c compares with 148c "The dividend of 90c for the year is a lot higher than I expected," confesses one analyst

Despite the need to finance its portion of the Columbus Stainless Steel joint venture, Samancor has been spewing cash Available money stands at R524m compared with R612m last June There is a modest long-term loan of R111m which disappears against shareholders' equity of R2,4bn

CMI CE Sandy Wood told investors during 1994 that he preferred to believe the company could trade its way out of a difficult structural financing problem It was a view greeted with scepticism at the time As it turns out, CMI's massive return to real profitability (R100m this year compared with breakeven in 1994) leaves it with a visibly strengthened balance sheet and unchanged debt

It has paid a dividend of 50c, its first since 1990 Though it is possible to sympathise with the argument that shareholders need some encouragement, it might have been better to have applied the cost (R21m) in other areas For example, CMI is to expand its production capability by another 70 000 t a year at a capital cost of about R85m How this is to be financed will be watched with interest

More important for investors is that neither company has yet benefited fully from the recent surge in ferrochrome prices These have followed the unusual increase in world stainless steel output but have not yet worked through to the income statement

One analyst says the real magic is still to come "I expect Samancor to return EPS in 1996 of about 470c (this year 196c) and CMI to produce 350c (1995 235c)" Another forecasts at least 400c for CMI These increases imply forward p e ratios of 10,6 for Samancor (now 36) and 5,7 for CMI (now 8,5) Unless investors believe the cycle is on the verge of unravelling, these counters offer real value

Samancor's Salamon *operating at full capacity again*

David Gleason

HIGHVELD STEEL (189A) FM 11/8/95

Acceleration ahead

Good though they are, Highveld's interims got a mixed reception from analysts, the market, however, liked them sufficiently to move the counter's price up

"If this is the best Highveld can manage at the top of the commodity cycle, I worry about the results for the full year," says an analyst It isn't a view which is universally echoed But it is true that Highveld's EPS of 107c fell short of the market's general expectation of around 130c

That raises questions about the performance in the second half Many analysts and investors were looking for full-year EPS of 300c It seems a bit much to expect that this can be achieved from a start of barely a third at the halfway stage

Simple arithmetic doesn't suffice in circumstances such as these Chairman Leslie Boyd says a recurring Highveld feature is that sales increase steadily as the year-end approaches and he makes it sound as though this becomes frenetic in the last month.

THEY WANT BLOOD

Six months to	Jun 30 1994	Dec 31 1994	Jun 30 1995
Turnover (Rm)	[illegible]	1 210	1 172
Operating profit (Rm)	60,5	90,6	133,9
Attributable (Rm)	49,2	68,8	98,4
Earnings (c)	[illegible]	76,7	107,1
Dividends (c)	23	23	35

A number of factors needs to be noted The first is that total local demand for steel products has leapt dramatically — about 18% in the first five months of calendar 1995 "This is a huge number," says an analyst "It is doubly important as it means Highveld will be much less reliant on exports" He suggests the difference in profit margin could be as much as 30% "and that goes straight to the bottom line " This emphasises the impact of a resurgent local economy on Highveld's earnings profile

Of continuing interest is Highveld's position as the dominant world supplier of vanadium pentoxide After a period of welcome demand imbalance, during which prices rose spectacularly, they have since fallen slightly and then recovered What is clear is that suppliers are again involved in a delicate dance to secure market share without upsetting the price apple cart

More than one analyst is convinced Japanese buyers, the most prominent, regularly contrive to manipulate the reported spot price, arrived at by calls on traders rather than through an open market

Forecasts for Highveld's full-year EPS are between 280c and 310c Turnover is expected to rise substantially, perhaps to as much as R2,8bn from last year's R2,1bn That suggests a p e of barely 10 (now 16.5) and implies the market is wondering whether the commodity cycle has all that much longer to run As some analysts believe Highveld capable of delivering another 40% improvement next year, taking EPS to around 400c, an investment decision requires a nice sense of judgment *David Gleason*

ISCOR (280) (189A)

New billets?

FM 11/8/95

Steel giant Iscor plans to shed more than two-thirds of the 1 600 staff at its Pretoria head office by June as it implements a decentralised management approach

Though many staff may stay in proposed new business units, personnel at headquarters will be whittled down to 500 And the rationalisation may not stop there Industry analysts say about 100 people in the international marketing division may have to find new positions by the end of the year as Macsteel International takes over the group's global marketing operations

Until now, Macsteel has marketed about half of Iscor's 2 Mt/year steel export business But in terms of Iscor's new partnership with Macsteel — Iscor paid R60m for a 50% share in the marketing group — the joint venture will handle all Iscor's steel exports from January 1

Benefits to Iscor will be its 50% profit share in Macsteel's global operation and the fact that, when the next expected cyclical downswing arrives in 1997-1998, Macsteel will give priority to marketing Iscor steel

Iscor MD Hans Smith confirms that the head office will have "substantially fewer people by this time next year" He says the main reason is the need to make the group internationally competitive

Trade & Industry Minister Trevor Manuel, meanwhile, has disclosed that over the past three years Iscor was the largest recipient of government's Geis subsidies

Iscor's bottom-line profits were boosted by more than R500m in tax-free export subsidies — R216,4m in 1992-1993, R164m the next year and R120,6m after that

In the three years of Geis benefits, Iscor's attributable income totalled R512m, R283m and R336m respectively With Geis falling away, it therefore faces the reality of cutting costs and improving productivity to grow its own attributable income

Though Iscor will no longer get Geis subsidies, its future export efforts should benefit under Gatt While the company receives only about 5% tariff protection — below SA's 10% Gatt binding offer — it should obtain beneficial entry into more overseas markets as tariffs decline

But local customers will still have to accept Iscor's two-tier pricing policy — lower prices for exports than for local sales — as its local market import parity pricing policy is effectively protected by SA's high transport costs

Even without tariffs, transport costs on imported steel allows Iscor to price its local market sales substantially higher than its exports, where it has to compete with large global suppliers

Smith says the group's mining and steel divisions will operate separately, with each steel plant a separate profit centre

With the appointment of Ben Alberts as mining MD and Kevin Robertson as steel MD, "we have started the decentralisation process initiated by the previous executive leadership" By June next year, the company will have dedicated management for each steel plant, who will run their own budgets and be responsible for production and marketing

"This makes sense as each plant is dedicated and will not compete directly with the others Vanderbijlpark makes flat products, Newcastle long products, Pretoria will be the stainless steel producer and Vereeniging makes speciality steels," Smith adds

Creating jobs

He says the need for international competitiveness is the driving force behind group rationalisation and decentralisation "Only after we have achieved this will we start expanding and thereby create more jobs in new world-competitive operations"

Iscor is on a major expansion drive, with its 480 000 t/year Pretoria stainless steel slabs project and proposed R4,7bn Saldanha Bay mini mill (capacity 1,2 Mt/year) expected to put a rocket under earnings by 2000 The latter project is still subject to the findings of the Steyn environmental impact investigation

Iscor is expected to present sparkling results this month, with local sales (including coal to Eskom) and exports benefiting from booming demand It recently obtained a 9,9% price increase in the Far East for its high-quality lumpy iron ore (against a 7,9% rise negotiated by Australian exporters) Domestic market despatches are 17% up in the first five months of the year, against a 9% projected increase

Smith *substantially fewer people*

Though the bottom-line benefits from the new Pretoria stainless steel plant and perhaps the Saldanha mill will start to kick in only from mid-1996, market projections are that earnings per share should show a 93% increase for the year

Analysts predict that the Saldanha mill "should generate distributable profits of around R600m (or 27c a share) at full production by 2000, with the stainless steel mill contributing a further R680m" ■

BLUE TRAIN

Ripping idea

About R50m is to be spent on upgrading SA's two Blue Trains, says Spoornet CE Braam le Roux

The interiors will be ripped out and rebuilt completely, says Le Roux He adds that the changes will include "revolutionary" ideas, but declines to elaborate Refurbishment is scheduled to start in January

Blue Train manager Kishore Seegoolam says that, as it is now the low season, passenger demand only fills 70% of one train, so they alternate But when demand peaks in summer, both trains will operate at 90%-95% of their combined capacity

The quality of food served on the train has recently come in for severe criticism in several travel journals But rail operations GM Leo Petkoon says Seegoolam was recruited from the hotel industry "to place greater emphasis on catering and guest services We have also started negotiations with the renowned Butler School in Britain to retrain Blue Train staff"

One-way fares between Johannesburg and Cape Town are presently pitched at between R2 200 and R6 600 for a suite for two These will increase to between R2 500 and R8 300 on January 1 ■

BUSINESS LEVIES

Sitting targets

Organised commerce and industry in greater Johannesburg has come out strongly against a 15% increase in levies to fund a R56m shortfall for township services

Previously known as regional services council levies, the Transitional Metropolitan Council (TMC) levies will increase business contributions to finance substantial cross-subsidisation of former black local authorities by once-white authorities

The original levies came in at 0,3509% of salaries and wages and 0,1408% of gross turnover The 15% increase will push these to 0,381% and 0,151% respectively The TMC is entitled to raise the levies under the Local Government Transition Act

Johannesburg Chamber of Commerce & Industry CE Marius de Jager says the TMC has shown it regards business as an easy target to meet revenue requirements

Soon after the budget proposals were tabled, TMC finance committee chairman Ian Davidson warned that greater Johannesburg faced a debt trap unless service pay-

Foundry may expand into South America

WSM(BM)11-17/8/95(189A)

Karen Harverson

FOUNDRY engineering and rolled steel producing group Scaw Metals is investigating the possibility of expanding into South America and may acquire a foundry operation to supply the Chilean mining industry with mining consumables such as mill liners and gauging equipment.

"It's still in the early stages but we are looking to diversify into other important mining areas worldwide as we've outstripped the consumption capacity of the local mining industry," said managing director Tony Harris

The company plans to spend R230-million to R300-million in capital expenditure this year to replace technologically obsolete equipment in its rolling mill operation and meltshop Included in the capex is a R185-million direct reduction iron (DRI) kiln under construction and due for commissioning in December 1996

The DRI plant will provide extra iron-making capacity and relieve Scaw's dependence on scrap iron, used as a raw material in its foundry operation

Speaking at Anglo American Industrial Corporation's (Amic) interim results, Harris said the company was involved in a rolling mill upgrade project to allow the production of small diameter bar The project is managed by Davy International and uses Swedish slit rolling technology

Scaw reported a five percent increase in earnings for the six months to June 1995 to R58-million but Amic chairman Leslie Boyd said the increase was admirable considering the high base from which Scaw was operating and the political violence which had affected operations Its turnover to June 1995 was R532,9-million, two percent higher than the same period last year

Iscor to spend R750-m on mining equipment

(189A) Star 11/8/95

FROM SAPA

Iscor Mining said yesterday it would spend about R750 million over the next four to six years on new equipment for its mines

The contracts represent the largest equipment order in the history of South African mining, Iscor said

Ben Alberts, the managing director of Iscor mining, confirmed his organisation bought eight PNH 2300 loading shovels for its Sishen iron ore mine, 44 Haulpack trucks with a capacity of 190 tons each, of which 32 were destined for Sishen and 12 for the Grootgeluk coal mine, eight 49 Rill Bucyrus Erie production drills, three Demag hydraulic loading shovels, two for Sishen and one for Grootgeluk, a large number of Caterpillar earthmoving equipment, such as front-end loaders, bulldozers, off-highway trucks, motor graders; the first two Tiger 690 wheel dozers in the country for distribution throughout the mining division and three Driltech drills for Grootgeluk

"We have delayed upgrading equipment for a number of years and have now opted for a once-off replacement exercise," Alberts said

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a	53,70	na
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Iscor to spend R750m on mining equipment

189A CT(BR) 11/8/95

FROM SAPA

Iscor Mining said yesterday it would spend about R750 million over the next four to six years on new equipment for its mines

The contracts represent the largest equipment order in the history of South African mining, Iscor said in a statement issued in Pretoria

Ben Alberts, the managing director of Iscor mining, confirmed his organisation bought eight PNH 2300 loading shovels for its Sishen iron ore mine, 44 Haulpack trucks with a capacity of 190 tons each, of which 32 were destined for Sishen and 12 for the Grootgeluk coal mine, eight 49 Rill Bucyrus Erie production drills, three Demag hydraulic loading shovels, two for Sishen and one for Grootgeluk, a large number of Caterpillar earthmoving equipment, such as front-end loaders, bulldozers, off-highway trucks, motor graders; the first two Tiger 690 wheel dozers in the country for distribution throughout the mining division and three Driltech drills for Grootgeluk.

"We have delayed upgrading equipment for a number of years and have now opted for a once-off replacement exercise," Alberts said

"We are buying in bulk and this has enabled us to negotiate the best possible financing agreements

"We were also able to negotiate co-operation agreements with the suppliers on spare-part costs for the next 10 years"

Workers block factory

(189A) CT 11/8/95

DURBAN: Striking workers blocked entrances to Tongaat Hulett Group's subsidiary Hulett Aluminium's Maritzburg plant yesterday, the fourth day of a dispute over wages and working hours, a company spokesman said

"Workers have today congregated on Edendale Road and are blockading plant entrances," Hulett Aluminium spokesman Mr David Goddin said

About 1 300 workers at Hulett Aluminium's Maritzburg and Olifantsfontein plants downed tools on Monday in protest over wages and working hours, company and National Union of Metalworkers of South Africa (Numsa) officials said

Alusaf workers may be retrenched

(189A) BD 14/8/95

Farouk Chothia

DURBAN — About half the workforce at Alusaf's Bayside smelter in Richards Bay could be retrenched as a result of a restructuring programme that management had initiated to reduce operating costs, National Union of Metalworkers of SA (Numsa) negotiator Bheki Ntuli said at the weekend

Management had proposed that negotiations over severance pay begin so that retrenchments could start next year Numsa said it was too early for this Consultants had yet to complete a detailed report on the restructuring programme However, they had indicated that about 1 300 members of the 2 600-strong workforce could be retrenched

Alusaf said a two-year business and organisational renewal exercise had been initiated at Bayside to keep it in a world-competitive position It was possible that some employees might be retrenched Alusaf was renegotiating improved retrenchment benefits, including the possibility of a

Continued on Page 2

Retrenchments loom

BD 14/8/95

Continued from Page 1 (189A)

voluntary package, with unions

Ntuli said Numsa wanted the Bayside and Hillside smelters to have a single management with a single work force. Management had separated the two to reduce "worker power"

There were about 300 jobs available at Hillside. Bayside workers should be trained and given the option of transferring to Hillside

Managers had been trained and transferred to Hillside but workers were being told to resign and to apply for jobs there

Bayside workers had taken salary cuts of between 5% and 6,7% in 1993 to contribute towards getting Hillside off the ground, Ntuli said

Alusaf said a comprehensive action plan had been drafted to help workers find alternative jobs, start their own businesses and to retrain.

Ntuli said that while Numsa welcomed this, workers had to remain in Alusaf's employ while training was conducted

Alusaf workers may lose jobs

(189A) CT 14/8/95

DURBAN: The National Union of Metalworkers of SA (Numsa) said yesterday just over half the workforce at Alusaf's Bayside smelter in Richards Bay faced retrenchment because of a cost-cutting plan.

"It's possible that 52% of the 2 600 workers will be retrenched," Numsa's Mr Bheki Ntuli said.

Alusaf said it had started a renewal exercise at the smelter.

Strike continues at Hulett Aluminium

Renee Grawitzky

BD 15/8/95 (189A)

A STRIKE by 1 400 members of the National Union of Metalworkers of SA (Numsa) and the SA Boilermakers' Union at Hulett Aluminium plants in Maritzburg and Olifantsfontein entered its second week yesterday as the parties continued to attempt to resolve the wage dispute

Numsa is demanding a pay increase of 15% plus an improvement factor of 1,5% while the company has offered increases ranging from 11,5% to 12,3%

The union is also demanding a reduction in working hours from 45 to 40 a week without loss of pay

The union has accused the company of using "old tactics of divide and rule, and still believes in negotiating on its own terms" The union also claimed that workers had been locked out illegally on Friday

The company said yesterday that following attempts by workers to blockade entrances at the early stages of the strike, a court interdict had been obtained.

The parties have settled on an 11% increase at the Epping plant in Cape Town.

The minimum wage ranges from R6,65 an hour in Maritzburg to R6,92 in Olifantsfontein. The industrial council minimum for the metal industry was increased 12% to R6,74 an hour in July.

Huletts is one of 17 companies that, by agreement with the industrial council, are excluded from the industry-level negotiations in the metal industry but negotiate their plant level agreements under the auspices of the council.

'Clear industrial strategy required'

Edward West (189A) (56)

BD 16/8/95

CAPE TOWN — Controversy surrounding the proposed siting of the R4,7bn Saldanha steel mill and lack of cohesion between government departments on the issue was because of a lack of a structural industrial development policy framework.

This was said by Governance Mineral and Energy Centre senior policy researcher Mike Solomon at the Steyn board of inquiry yesterday.

Solomon said the inquiry's terms of reference were problematic in that the board could not be expected to make a decision without a clearly defined industrial strategy in place.

He said the board's decisions would create a precedent for all future development and he was concerned its decision might fly in the face of government legislation with regard to industrial development such as that contained in the draft Development Facilitation Bill.

CAPE

Parks board flays steel mill plan

JACQUELYN SWARTZ
Staff Reporter (189A)

THE National Parks Board has reinforced its stance against the proposed R4,7 billion steel mill at Saldanha Bay through additional hard-hitting representations to the Steyn board of inquiry.

Yesterday's address by chief executive director Robbie Robinson and two officials was supported by the chairman of the organisation's board of trustees, Naas Steenkamp

This follows a clash between the two men earlier this year about the Parks Board's position on the proposed project

Its eventual official statement in May — expressing concern about the potential harm the site of the mill could have on the environmentally sensitive Langebaan lagoon and West Coast national park — was reinforced by Dr Robinson's emphatic appeals yesterday ARG 16/8/95

"I am scared out of my wits in terms of what is being planned," Mr Robinson said

"We believe the choice of the site is unfortunate

"There are other sites which will create just as many jobs, that we will benefit just as much by"

He said the proximity of the proposed site to the park and lagoon presented the risk of air and ground-water pollution

The area was of international importance, he said, pointing out that it is registered under the Ramsar Convention, to which South Africa is a signatory and which protects wetland areas, specifically with regard to water bird conservation

"Ramsar will be withdrawn if that area is under threat and we are not meeting our commitment," Dr Robinson warned

He said the Parks Board was the custodian of the area and that it should be preserved for future generations

"We can't sell ourselves for cash flow comfort," he said

"How much will future generations have to pay for the 'profits' made today?" he questioned

Dr Robinson's appeal to the board followed presentations by two other officials, Southern Parks environmental manager Sarel Yssel and Johan Taljaard, head of socio-ecology in the West Coast national park.

In his address to the board, Mr Taljaard pointed out the importance of the area nationally and internationally to plant, marine and bird life.

It sustained about 70 000 migrating northern hemisphere birds annually

The area also supported huge tracts of fynbos and was home to 25 percent of the world's gannet population and to Southern Africa's only endemic penguin population

Following the representations, Mr Steenkamp reminded the board that the statement made in May was the National Parks Board's official stance.

However, he supported yesterday's appeal and asked that the board of inquiry seriously consider the information presented.

● In order to accommodate the public, the inquiry, which continues on Tuesday, will be held in the Albion Room, Holiday Inn, Main Road, Newlands.

Masterbond:

Saldanha steels itself for future

CT 16/8/95 (189A)

MELANIE GOSLING

TO SOME it's a monster, to others it's a saviour They have denounced it, rejected it, praised it and welcomed it They have testified under oath that it will pollute the land, air and water and become an ugly blot on the landscape that future generations will curse

They have also testified that it will bring hope and prosperity to hundreds of unemployed and turn the ailing region into a vibrant "city of lights"

Never before in South African history has a steel mill been so many things to so many people One could be forgiven for being confused

What really is at the heart of all the fuss? Essentially, I think, a change in values

Loony left

Twenty years ago when, as they say, green was a colour rather than a philosophy, the proposed R4,7-billion Saldanha Steel project to build a steel mill at Saldanha — a joint venture by Iscor and the Industrial Development Corporation — would probably have gone ahead with a bang and little more than a whimper from a handful of concerned environmentalists

Today South Africans are becoming environmentally "literate" There is a growing public awareness, concern and responsibility towards the environment, and politicians and decision-makers are having to adjust No longer can they dismiss "greens" as the loony left

As public outcry grew, which included court action against the authorities, Environment Minister Dawie de Villiers appointed a Board of Inquiry in terms of Section 15 of the Environment Conservation Act — the first minister ever to do so

Chaired by former judge Jan Steyn, the inquiry's brief is to evaluate the objections, to look at the implications of past decisions regarding development in the Saldanha region, and "any other issue which in its opinion is a relevant consideration in the evaluation of the matter".

The board began hearing evidence on July 16 and will make recommendations to the minister before the end of August

It has certainly been an inquiry with a difference Usually the exclusive domain of well-dressed men sprouting technical jargon (and there have been plenty of those), the inquiry has heard evidence from fresh-faced graduate students and veldskoened professors, dispirited West Coast hotel managers and vociferous trade unionists, leather-jacketed businessmen and people's politicians, concerned housewives and "freelance" community workers, chemical engineers armed with tomes of statistics and a woman who washes fish in a factory

There was even an orthodontist who represented the "oysters and mussels, the birds and the bees" of Langebaan And the board didn't laugh

Saldanha Steel's evidence was the kind that anyone running a country would like to hear The steel mill will generate R3,6-billion in company tax , R46-million in local and regional tax, R13-million in staff salaries taxes, about R1,8-billion in foreign exchange and create 400 jobs

The people of Saldanha Bay-Vredenburg region "stood as one man" in support of the mill Unemployment was rife, they said, the fishing industry in decline and tourism hardly existent. They too loved the environment, but were satisfied with the assurances the company had given that pollution would be minimal and strictly monitored

One ANC woman said if the steel mill were not built, Saldanha would become a ghost town Another local said without the mill, things would get so bad the people of the region would probably have to resort to eating Langebaan's famous flamingoes

Sense of place

The objectors submitted that the mill would pollute the air with coal dust and 14 000 tons of acid fog a year It would have an adverse effect on the oyster and mussel industry, pollute ground water and increase the shipping which would require blasting and dredging of the bay

It would be only 10 km away from the West Coast National Park and Langebaan Lagoon, recognised by the Ramsar Convention as a wetland of international importance.

The visual impact would destroy the sense of place and hinder the development of tourism In short, it was the thin edge of the industrial wedge which could turn Saldanha into a Vanderbijlpark-by-the-sea

UCT scientists cast doubt on the ability of the arid West Coast region to support any big industry Evaporation was greater than the amount of rain which fell. No one knew how much water there was in the underground aquifers and whether they were connected to Langebaan Lagoon and the Berg River — also earmarked as a Ramsar site

PLANNED PLANT: Computer simulation of the proposed steel complex at Saldanha Bay

But as days of evidence were heard, it was clear there was a broader issue under the spotlight which, I think, is the crux of the whole debate

In essence, people were questioning the procedures that led to the decision — embodied in the provincial authorities' 1994 Vredenburg-Saldanha Structure Plan — which earmarked sections of the region for heavy industry

What people seemed to be saying was who made the decision to zone areas for heavy industry and why? What are the real consequences — economically, environmentally and socially? Were the public involved? Did anyone seriously examine other land uses? Why was there no strategic environmental assessment for the region, no environmental overview?

In short, did the authorities stand back and look at the bigger picture, and, having done that, did anyone really put the issue into the public domain for comment — before it became cast in concrete?

Sadly, the answer seems to be no It was really only through the environmental impact assessment commissioned by Saldanha Steel (flawed though it may be) that what the authorities had in mind for the Saldanha region became public knowledge It was only then that the objections started pouring in.

Professional environmentalists do not oppose development They try to control and guide it to minimise the negative impacts It seems clear that environmental impact assessments, which are meant to be an aid to decision-makers, can't really achieve this in isolation of the bigger picture, of an environmental overview

Whatever the outcome of the Steyn inquiry, if it can include in its recommendations some procedures that will go some way to achieving this, it will have been a worthwhile exercise.

'PARK OF GLOBAL SIGNIFICANCE'

Steel mill threat to park

THE NATIONAL PARKS BOARD has said the steel mill at Saldanha would be disastrous for the long-term development of the area. **CLAIRE BISSEKER** reports.

CT 16/8/95

(189A)

THE National Parks Board (NPB) might "close up shop" at the West Coast National Park if the Saldanha steel mill were given the go-ahead, chief executive Dr Robbie Robinson told the Steyn Board of Inquiry yesterday

Dr Robinson said: "We cannot be degraded to selling out our responsibility in order to serve short- and medium-term sectoral financial gain. We have one West Coast National Park and Langebaan Lagoon on earth and lots of sites for the steel mill"

Board member Mr Rufus Maruma said, however, he was "not convinced by your argument that there is only one national park Your sentiment is the same as I attach to the mountain outside my village where my parents are buried Do you think your argument will convince the minister?"

Dr Robinson replied that the 27 000ha park, developed over 10 years at a cost of R30 million, was "of global significance"

The park supports 25% of the world population of Cape gannets, 12% of the population of the African oyster catcher and 70 000 migratory waders and is one of the world's richest fish sources

The park also contains 40% of the world's strandveld fynbos

In written evidence the board said the proposal for the mill and plans to stockpile crude oil were "fundamentally flawed" and would turn Saldanha Bay into a third world "post office" for a toxic commodity

Unsustainable

By undermining the area's unique selling features, the mill would mitigate against long-term sustainable development of Saldanha

It would also conflict with the land-use planning principles for the West Coast and damage or destroy long-term ecotourism potential and mariculture activities

In a separate submission, Mr Mike Solomon, a senior policy analyst at the Minerals and Energy Policy Centre, said if the mill was permitted, development at Saldanha was likely to outstrip Richards Bay.

Its job creation potential was likely to be five times the original estimate of 600 jobs because of the inevitable development of downstream and service industries.

While Saldanha Steel had designed an effluent-free plant, downstream industries would be the real polluters, he predicted.

in time, our cotton farmers are in a fortunate position because there is a bit of a run on cotton prices, but we recognised that it was the kind of industry artificially introduced in South Africa which cannot be sustained against all odds We are in constant contact with representatives of cotton farmers in South Africa

Competitiveness of SA industries: monitor study

*4 Sen Dr G MARAIS asked the Minister of Trade and Industry Hansard 17/8/95

(1) Whether a monitor study has been undertaken in regard to the competitiveness of South African industries, if so what are the relevant details

(2) whether his Department intends taking any action in this regard if not why not, if so, what action

(3) whether the (a) National Economic, Development and Labour Council (NEDLAC) and (b) Industrial Development Investment Centre in the Department of Trade and Industry is to play any role in this regard, if not, what is the position in this regard, if so, what role?

S266E

The MINISTER OF TRADE AND INDUSTRY Mr President, clearly Senator Marais is working I wonder whether he worked as hard when he held the portfolio in Trade and Industry [Interjections]

(1) There was no monitor study, as suggested by the question What was done was a study by an international consultancy, the Monitor Group—it is a different thing, I do not know of a monitor study—which assessed the country's strengths and weaknesses using Michael Porter's Cluster Model The study revealed that the existing structure of the South African economy was consistent with that of a country with relatively high levels of tariff protection—we will not say whose fault that is—and one that had been adversely affected by international sanctions, both of which restricted access to international markets In other words the market in South Africa had been hindered by a number of exogenous factors

These factors created an industrial sector characterised by broad production ranges in companies and relatively shallow industrial clusters with relatively small production runs These findings suggested that in order to attain full international competitiveness, one of the objectives of the Reconstruction and Development Programme, there was a need for substantial restructuring of industry in South Africa The report highlights a number of factors that are useful and that can be considered for future economic policy formulation A number of initiatives which address some of the basic economic deficiencies have already been implemented (though not necessarily as a result of the Monitor report, which in certain instances confirmed other analyses of the economy) Examples are the relaxation of exchange control the down-phasing of import duties and the further dismantling of import and export control to strengthen market forces operating in the economy

(2) Yes The Monitor study examined the South African economy at the end of the sanctions era and identified a number of distortions and structural deficiencies The current actions of the Department of Trade and Industry and other Departments are aimed at addressing these issues, principally by the development of a range of supply-side support measures for new industry establishment industry restructuring, and small business development among others The purpose of these measures is to improve the internal and external competitiveness of industry in South Africa and to raise the employment potential of the economy as a whole It is expected that the envisaged new measures will be funded by internal reallocations of the Department of Trade and Industry budget, while there will also be greater responsibility placed on business to improve their own performance

(3) (a) and (b) Yes The envisaged supply-side measures are being developed in conjunction with NEDLAC The Industrial Development and Investment Centre of the Department of Trade and Industry as well as a number of other Directorates in the Department of Trade and Industry on a continuous basis develop and administer

industry development and support programmes Indeed the Department of Trade and Industry in its entirety is devoted to supporting healthy business development as a key element in attaining the goals of the RDP The creation of a business-development friendly environment and providing support for business development is the business of the DTI The changed circumstances brought about by the reintegration of South Africa into the international business community both permits and necessitates the development of support measures that are in keeping with the changed circumstances South African business has to operate in As stated, proposed measures are being developed in consultation with NEDLAC as well as other role-players, taking into account the findings contained in the Monitor report on the competitiveness of South African industry as well as other inputs

Proposed steel plant at Saldanha: retrenchment of workers 189A

*5 Sen Dr G W KOORNHOF asked the Minister of Trade and Industry †

(1) Whether an investigation has been done to determine whether the development of the proposed Iscor steel plant at Saldanha may result in the retrenchment of workers at Iscor's steelworks at Vanderbijlpark, if not, why not, if so,

(2) whether his Department has consulted with Iscor in this respect, if not, why not, if so, what are the relevant details?

Hansard 17/8/95 S267E

The MINISTER OF TRADE AND INDUSTRY

(1) No Iscor is currently upgrading the Vanderbijlpark plant with the latest technology and as a result of this upgrading process, which will increase Iscor's international competitiveness, a number of jobs will be lost, sad as it may be The Saldanha plant will create new employment opportunities in an area which desperately needs job creation and an injection of economic activity

(2) No As part of the re-integration of South Africa into the international business community, many South African companies are in the process of repositioning themselves to take advantage of new opportunities in international markets and to secure their positions in the local market in the face of increased competition from foreign suppliers re-entering or entering our markets The adjustments as well as the necessary introduction of new technologies will in certain cases lead to retrenchments in particular areas of industry

These processes are an inevitable part of the restructuring of the South African economy in the post-apartheid era if we are to survive and attain full international competitiveness The decisions surrounding the restructuring of companies are essentially matters that fall within the domain of company managements and their boards who do not necessarily consult with Government on such matters, nor does Government as a general principle intervene in such company decisions I should point out that we do take account of broader society needs, as I have indicated in my response to the question on the textile and clothing sector We certain try and ensure that such companies are pressurised to retrain workers for rapid re-absorption elsewhere Nevertheless, ongoing contact is maintained with our principal steel producer, Iscor, with a view to converting more of our iron ore to steel before export and to the creation of downstream jobs in the steel fabrication industry

Jobs created under National Public Works Programme

*10 Sen W F MNISI asked the Minister of Public Works

Whether any jobs have been created under the National Public Works Programme, if not, why not, if so, (a) how many, (b) what jobs, (c) how many more jobs does his Office intend creating under this programme, (d) what kinds of jobs will be created and (e) what process will be used to select persons for these jobs?

S272E

Hansard 17/8/95

Judge to rule on hostel eviction

Deborah Fine

RAND Supreme Court Judge EL Goldstein will decide today whether or not to evict about 1 000 mainly Zulu workers from Scaw Metals' Union Junction Hostel in Natalspruit, Germiston, following two days of failed negotiations and lengthy court arguments yesterday

"It seems that if I order the eviction, there will be bloodshed If I refuse, there will be bloodshed. Whatever order I make it seems there will be personal and property harm," he told advocates Clive Cohen, SC, for Scaw Metals, and Sias Reyneke, for the Zulus, after discussions in his chambers left the dispute unresolved

Scaw lodged an urgent application for workers' evictions earlier this month after National Union of Metal Workers of SA (Numsa) members went on strike at Natalspruit. The strike had spread to another Germiston plant and the KwaZulu-Natal operation

The Union Junction hostel is occupied by mainly Zulu, non-Numsa members Numsa members returned to work on condition Scaw committed itself to the hostel's closure They warned of industrial action, attacks on hostel residents and a march on Scaw's Natalspruit premises by township residents if the hostel remained open

The Zulus refused to leave the hostel because they would have to find alternative accommodation in the surrounding ANC-aligned townships which they claim would leave them vulnerable to attack

Cohen submitted Scaw was the owner of the hostel, had not signed any leases or accommodation agreements with the workers and was thus entitled to evict them at will The workers had to prove their right of occupation

Reyneke argued the hostel accommodation had been part of the workers' contracts of employment. Referring to Section 13 of the Black Labour Act, he said most of the Zulus had been employed by Scaw in terms of the Act prior to it being repealed in 1984. In terms of the Act, employers were statutarily obliged to provide employees recruited from outside their magisterial districts with "accomodation, medical attention and rations"

Although Scaw was no longer obliged to provide workers with accommodation after the Act's repeal, the company had not informed the workers that accommodation was no longer part of their employment contract. The workers had continued to stay at the hostel and there had been a tacit renewal of the accommodation as part of their contracts.

Reyneke asked the judge to refer the matter to evidence or trial Cohen said in reply that even if the workers had a right to accommodation in terms of their contracts — which Scaw strenuously denied — the contracts had not stipulated they were entitled to accommodation in the Union Junction Hostel in particular

Scaw was then only obliged to provide them with hostel accommodation elsewhere Submitting that he had considered "condemning this disingenuous tactic in the strongest terms", Reyneke said this was not the argument Scaw had raised in its founding affidavit. This was the first time Scaw had mentioned possible accommodation in other hostels

189A BD 18/8/95

New smelter may pay dividends for Alusaf

(1897A)

Michael Urquhart
BD 18/8/95

INCOME at aluminium producer Alusaf is expected to jump to R200m, and allow the first payment of a dividend in the current financial year, as the new Hillside smelter comes onto stream.

Profit for the 1995 financial year to end-June was R57m, with an increase in prices and turnover contributing to a 44% increase in turnover Diluted earnings a share were 34,2c.

Alusaf said the Hillside smelter had started producing in June, four months ahead of schedule Hillside production was likely to be 397 000 tons in the current financial year, and would get close to its full capacity of 466 000 tons in 1997.

The project had also been completed under budget, which had reduced the capital cost estimate to R5bn from the original R6,4bn. The lower capital cost and reduced finance costs during construction had reduced peak funding from its original budgeted level of R7,2bn to R5,5bn.

This also meant loan funding had been reduced from an originally anticipated 54% of total funding to 39% of total funding

The environmental upgrade of the Bayside Smelter's Potroom A was expected to be completed by October Alusaf said most of the R249m capex for the project would be funded from earnings, with the R100m shortfall being funded from surplus Hillside Smelter loan facilities

Alusaf said with world demand for aluminium increasing in 1995, there was expected to be a 3,2-million-ton shortfall of supply from the Western world.

Two-million tons of this was likely to be met by CIS exports, with the remainder from stock drawdowns.

It said these shortages of capacity were likely to be met by reactivating some of the 1-million tons of capacity curtailed in terms of the memorandum of understanding

Together with remaining LME stocks and Alusaf's increased capacity, this should result in a reasonable supply and demand equilibrium for the next two to three years

Manuel speaks up for steel plant

(189A)

Political Staff

THE Saldanha steel plant will create new job opportunities in an area which desperately needs job creation and an injection of economic activity, says Trade and Industry Minister Trevor Manuel ARG 18/8/95

In a question tabled in the senate, Mr Manuel was asked whether there had been an investigation into possible retrenchments resulting from the development of the proposed Iscor plant

Mr Manuel said no such investigation had been done

Manuel speaks up for steel plant

1891

250

Political Staff

THE Saldanha steel plant will create new job opportunities in an area which desperately needs job creation and an injection of economic activity, says Trade and Industry Minister Trevor Manuel ARG 18/8/95

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Street collection for health

TOMORROW'S street collection is for National War Memorial Health Foundation, fundraising number 08 800204 000 4

Public service has new faces in place

Political Staff 250 ARG 18/8/95

SOUTH Africa's public service is assuming a new complexion, thanks to the 11 000 posts advertised by the government last year.

By May 31, 1 721 posts had been filled, according to a survey conducted by the Office of the Public Service Commission.

In 756 of these posts, appointments had been made from the ranks of existing public servants and 1 542 appointments had been made from under-represented groups.

At the same time, 116 796 working days had been lost because of strikes in the public service between October 1 last year and March 31.

Public Service and Administration Minister Zola Skweyiya gave this information in the national assembly.

Smelter's success boosts Alusaf

CT(BR) 18/8/95 (189A)

By Shirley Jones

Staff Writer

Alusaf has ascribed its much-improved results for the year to June to the continued success of its Hillside smelter project, with production starting up four months ahead of schedule and the capital cost estimate R1 344 million below budget

Turnover increased 44 percent (5,9 percent) to R1 125 million (R781 million) on the back of rising sales volumes and a 36,6 percent higher aluminium price

After-tax income increased by R50,5 million to R57,2 million. Earnings a share were 34,2c (6,8c) and diluted earnings a share 31,2c (6c)

The company is facing labour protests against inevitable retrenchments associated with the planned upgrade of its Bayside smelter However, Rob Barbour, Alusaf's managing director, believes the Bayside overhaul is imperative if the older, labour-intensive facility is to become cost competitive in the face of the removal of duties on primary aluminium in terms of Gatt

ST(CM) 20/8/95

Saldanha oil tank leaking, says report

(SB) (1891)

By CHARL DE VILLIERS

AT LEAST one of the tanks at the Strategic Fuel Fund's giant Saldanha Bay storage farm "leaks substantially", according to an engineering report

The first level of containment of Tank One at the 65-million barrel facility north of Cape Town leaked 5 300 litres of crude a month, says the report which was commissioned by an official board investigating Iscor's Saldanha Steel Project

All seepage was, however, trapped and pumped back into the storage facility before it escaped into the ground, a source with access to the report told the Sunday Times

Strategic Fuel Fund general manager Kobus van Zyl at first refused to comment, saying the monthly seepage rate was "out of proportion" if viewed in isolation.

The tanks were reinforced with concrete, epoxy skins and heavy-gauge plastic skins, he said.

"We don't know of any tanks that are leaking, that's all I can say We have tanks designed to operate in a certain way If there is leaking, we will experience oil losses"

Mr van Zyl said the annual oil loss at the Saldanha fuel farm amounted to 0,14 percent of its total stock.

Iscor and SA Druggists fail growth fund's test

(189A)

By Charlotte Mathews
Investment Editor

CT (MR) 21/8/95

Iscor and SA Druggists have failed to meet the social criteria of the unit trust The Community Growth Fund on the grounds of their labour practices, according to a fund report for the first half of this year

The Community Growth Fund's investment portfolio is run by Syfrets Managed Assets but its decisions to invest in particular shares are vetted by Unity, a committee including trade union representatives

"Reports of poor labour practices in northern KwaZulu Natal were the main reason for the decision to reject Iscor," the report said

Still, Unity had said it believed that its concerns with Iscor could be resolved "positively"

Bargaining

SA Druggists, a Malbak subsidiary, had been criticised for insisting on plant-level bargaining, which had resulted in mixed labour standards and a poor relationship with union members

Members of the Chemical Workers' Industrial Union at one of SA Druggists' plants in Cape Town, who recently marched in favour of centralised bargaining, had been immediately dismissed, the report said. They had later been reinstated, but had received a written warning

Unity had added food group ICS to the list of acceptable investments since its major advances in industrial relations Only a couple of years ago, there had been numerous strikes at ICS.

The committee had given high ratings to Umgeni Water, the report said, for its successful implementation of rural water schemes and affirmative action programmes, and to Future Bank for its training and affirmative action policies

Adcock Ingram and Premier Group had been well rated for worker participation and Palaborwa Mining commended for its safety standards and industrial relations

N Cape wants Iscor to site plant at Sishen

CT 21/8/95 (189A)

KIMBERLEY: A Northern Cape delegation would tell the Steyn board of inquiry on Wednesday why the proposed Iscor steel plant should be in Sishen rather than Saldanha, regional Premier Mr Manne Dipico said

Central to their argument was the need for the Northern Cape to develop its economy by processing its own raw materials, he said

The Steyn board is investigating environmental concerns about the plan by Iscor and the Industrial Development Corporation to build a steel plant at Saldanha

"We are hell-bent, we are going to fight for it, we are correct Iscor was built with public funds let's consult the people Our case is clear," Mr Dipico said

Northern Cape Economic Affairs Minister Mr Goolam Akharwaray said his province was in negotiation with "a Far Eastern country" to set up its own steel plant at Sishen, about 250km north-west of Kimberley, if Iscor went ahead at Saldanha

There were enough privately owned ore reserves to supply the plant.

Mr Dipico said a Northern Cape study had found a plant would cause less environmental damage at Sishen and cost no more than one in Saldanha

Mr Akharwaray said building the plant at Sishen could save R33 million a year — Sapa

Inland site for steel mill 'viable'

☐ *Probe told Langeberg feasible alternative to Saldanha*

ARG 22/8/95 (189A)

JOHN YELD, Environment Reporter

A SITE 10 km inland of the proposed Saldanha steel mill site — at Langeberg — would be financially viable, but Sishen in the northern Cape would not, the Steyn board of inquiry has been told.

A report of a sub-committee on financial matters about the proposed steel mill at Saldanha Bay was tabled at the board's hearing in Newlands today

The sub-committee — consisting of the former head of the Foschini Group, Clive Hirschsohn, and former senior partner in a prominent firm of chartered accountants, Gerhard Krone, was appointed by the board to report on the costs associated with moving the proposed steel mill to an alternative site

The sub-committee's brief was to determine whether the costs associated with moving would negatively affect the commercial viability of the project and the robustness of the project and if it did, whether it would make a move to an alternative site a commercially irresponsible decision

The sub-committee found that alternative sites at Port Elizabeth, East London, Delmas, Richards Bay and Pretoria could not be seriously considered

An alternative site at Sishen would have to rely on "a very high and continuing level of international prices for most years" to be viable.

Realistically, returns would be "poor and unacceptable"

An additional amount of R100 million would be required and the sub-committee believed Sishen was not a viable commercial proposition

The new proposed site, about 10 km inland of the preferred site, would give satisfactory returns if average international steel prices were maintained

An additional amount of R32 million would be required

"The project would be tolerably robust, based on average international prices"

The sub-committee suggested that Langeberg be considered as an alternative site, "rendering acceptable and satisfactory returns to shareholders"

The northern Cape government is due to give evidence to the board of inquiry tomorrow about the possible location of the project at Sishen

STAR 23/8/95

Sishen out of favour as site for steel plant

(1.89A (5))

Cape Town — Sishen is not a viable alternative site for the proposed R4,7-billion Saldanha Steel project, according to two financial experts the Steyn Inquiry appointed to investigate the project.

The report, released yesterday, follows an extensive investigation by Protea Assurance chairman Clive Hirschsohn and former Pim Goldby senior partner Gerhard Krone into the comparative cost of alternative sites for the proposed plant

They advised against relocating the plant at Sishen, saying the robustness of the project would be poor due to its dependency on unrealistic and improbable world steel price cycles

The report deals a crippling blow to a bid by the Northern Cape government to force the relocation of the project to Sishen, and comes a day before a Northern Cape delegation was due to give evidence before the inquiry

Mr Justice Jan Steyn, who is heading the three-man inquiry, indicated yesterday he had reluctantly agreed to allow the delegation to testify because he didn't "want to shut any doors".

However, he again stressed that in terms of its mandate from Environmental Affairs Minister Dr Dawie de Villiers, the board did not have the power to make proposals on alternative sites

After examining the capital requirement, operating and transport costs, the experts' report also rejected Port Elizabeth, East London, Delmas, Richards Bay and Pretoria as alternative sites

However, Langeberg (a farm about 10km inland from Saldanha) could be considered as a viable alternative site. — Sapa.

GROUND WATER THREATENED

Lagoon pollution by mill 'inevitable'

(189A)
CT 23/8/95

THE highly porous sand on the proposed site of the Saldanha Steel mill means any contamination would inevitably affect Langebaan Lagoon, **CLAIRE BISSEKER** reports.

CONTAMINATION of the Langebaan Lagoon was inevitable if the Saldanha Steel mill were given the go-ahead on the proposed site, unless costly engineering safeguards were implemented that "curtained off" the mill from ground water

This was evidence put by geotechnical engineer Dr Gerald Rosenthal to the Steyn board of inquiry yesterday

His expert testimony added further weight to recommendations by the board's financial sub-committee earlier in the day that a site 10km inland would be a financially viable alternative

Dr Rosenthal said any soil contamination on the proposed site and surrounding area would inevitably reach the lagoon through the highly porous sand and mobile ground water

While Iscor might be able to afford to construct a "curtain" that sealed off polluting parts of the mill from ground water, geotechnical experts appearing for Saldanha Steel had "trivialised" the complexity of the process, he said

Dr Rosenthal said leakage from industrial sites, including those with containment provisions, was such a common problem in the Western Cape that in places there was a "diesel table not a ground water table"

Saldanha Steel had resisted recommendations by Iscor's engineers and their consultants to examine sites further inland where more favourable geotechnical conditions were thought to exist, he said.

Moving a few kilometres inland would not necessarily solve the problem, however, as the whole area was underscored by ancient river channels and the ground contained staggering amounts of water

Earlier the board's finance sub-committee recommended that the mill would still be financially viable if sited 10 km inland on Langeberg farm

Although the move would cost Saldanha Steel an additional R32 million, it would still offer "satisfactory" returns to shareholders at average international steel prices and be "tolerably robust"

'Unacceptable'

The committee advised that Sishen would not be a viable commercial proposition as the move would require an additional R100 million and the returns would be "poor and unacceptable"

A close examination of capital requirements, transport and operating costs also revealed that Port Elizabeth, East London, Delmas, Richards Bay and Pretoria could not be seriously considered

THURSDAY
AUGUST 24, 1995

NO SA SITE HAS SUCH STRINGENT MEASURES

'Unnecessary' to build curtain wall for mill

(189A)

CT 24/8/95

EVIDENCE that waste from the Saldanha steel mill would inevitably contaminate Langebaan Lagoon was dismissed as 'hearsay' yesterday. **MELANIE GOSLING** reports.

IT was "radical" and unnecessary to suggest the proposed R4,7-billion Saldanha Steel plant should have to adopt more stringent construction measures than a hazardous waste site, geotechnical engineer Mr Peter Day told the Steyn inquiry yesterday

Mr Day was reacting to earlier evidence by geotechnical engineer Dr Gerald Rosenthal that Iscor would have to construct an expensive containing wall around the plant to and prevent pollutants from contaminating groundwater

"I don't think there is a single site in South Africa which has been contained by a curtain wall around the site — not even hazardous waste sites What has been recommended is a very radical solution which in my opinion is neither practical nor required on this site," Mr Day said

He said the suggestion that a containment wall be built had been based on assumptions not facts

He questioned Dr Rosenthal's evidence that soil contamination by the proposed steel plant "would inevitably" reach Langebaan lagoon

"We are not geohydrologists A study by geohydrologists from the CSIR is currently underway We must not pre-empt their evidence with hearsay evidence Our findings must be based on fact not on extrapolation," he said

Mr Day also dismissed evidence that the underlying geology of the site would cause serious construction problems which would be prohibitively expensive to solve

While conceding that it was not the easiest site to build on, Mr Day said the plant could be built with standard civil engineering techniques Local contractors were able to handle the construction

Confidence

"I am confident as a geotechnical engineer we can deal with anything that site can throw at us The main concerns raised here (in the inquiry) have been environmental which is outside our brief as geotechnical engineers," Mr Day said

Iscor profit run gives double dividend

(189A) CT 24/8/95

By Derek Tommey
Mining Editor

Iscor is continuing its record profit run with a 93 percent increase in earnings from 19,9c to 38,5c a share in the year ended June. This has led it to virtually double its annual dividend to shareholders.

Attributable earnings rose by R396 million or 101 percent to R787 million. This included an abnormal profit of R50 million from the sale of Iscor's interest in Metkor for R100 million.

The rise in Iscor's earnings was not unexpected as its profit was already 87 percent higher at the half year. Some analysts were even forecasting earnings of 43c a share for the full year.

But while Iscor may not have fulfilled these expectations it has strongly surpassed forecasts of a 13c dividend for the full year with a declaration of 16,5c.

This is an increase of 99 percent on last year's 8,3c a share. The final dividend of 11c is 141 percent higher than a year ago. Shareholders can take the dividend either in cash or in shares in the ratio of 2,75 shares for every 100 shares held.

Hans Smith, the managing director, said the group was strongly cash positive. Operations produced a positive cash flow of R1,2 billion while the group received a further R1,3 billion from its rights issue of which R265 million has been utilised for rights-issue projects.

The group had net cash of R597 million at the end of June against a net borrowings position of R1,623 billion at June 30 last year.

A strong demand for iron ore, coal and dolomite and greater operating efficiencies lifted the mining division's income by 18 percent to R470 million even though the price of ore dropped 6,6 percent in dollar terms last year.

Ore exports rose by 21 percent to 18,6 million tons. Coal sales to Eskom rose by 12 percent to 12,7 million and dolomite sales by 64 percent.

Operating income of the steel division rose by 97 percent to R921 million. Local sales, which have higher profit margins than export sales, rose nine percentage points to 58 percent of total sales, while exports accordingly dropped from 51 percent to 42 percent.

Smith said all the rights issue projects were progressing according to plan except for Saldanha Steel which was still the subject of an investigation by a board of inquiry.

The growth in the local steel market was expected to be moderate this financial year but the outlook for the international iron ore market remained positive, he said.

Steel export prices were softening in the United States, holding steady in the European markets and were expected to remain strong in the Far East.

Smith expected considerable savings in the interest bill as a result of the favourable cash position.

Steel mill water shock estimate

ARG 24/8/95 (89A)

Environment Reporter

THE proposed Saldanha steel project will consume some 35 percent of all water used by industry in the Western Cape, says the environmental organisation Earthlife Africa

Water was the region's scarcest natural resource and the "disproportionate allocation" to the steel project raised "serious equity and efficiency questions", Earthlife spokesman Tony Barbour told the Steyn board of inquiry.

"Can the region afford to jeopardise future economic development by allocating such a large proportion of its water supply to a single consumer which provides only 400 to 600 permanent jobs?

"Can the region afford to place a large number of its eggs in one basket?"

His organisation was not opposed to economic development in the Langebaan-Vredenburg-Saldanha area but the proposed steel mill had to be assessed within a broader planning context to ensure the long-term sustainable development of the West Coast region, Mr Barbour said.

LACK OF TRANSPARENCY CONDEMNED

Govt's Saldanha oil deal 'unbelievable'

(189A)

CT 25/8/95

AN ecologist says the government's lack of transparency in its oil deal with Iran makes a mockery of the scrutiny of the proposed Saldanha project. **MELANIE GOSLING** reports.

THE government's sudden announcement of the oil storage deal with Iran made a mockery of the intense scrutiny to which the proposed Saldanha Steel project was being subjected to, coastal ecologist Dr Allan Heydorn told the Steyn inquiry yesterday

Dr Heydorn said that for this reason he had "enormous sympathy" for Saldanha Steel's case

He said it was "unbelievable" that the Department of Mineral and Energy Affairs had simply announced the proposed Iran deal without any mention of investigating the environmental implications of the vastly-increased tanker traffic in Saldanha Bay

"It is an enormous pity that the government has demonstrated no sign of appreciation of the country's absolute dependence on a healthy environment or the need to act transparently, by simply negotiating and announcing a deal on massive oil transfers and storage "

South Africa's international integrity was at stake, he said.

The spectre of supertankers, many of which were in poor condition, colliding, running aground or just leaking oil was appalling

Dr Heydorn said he had mixed feelings about the proposed R4,7-billion Saldanha Steel project "The development has enormous potential for the economy of the country (and) may well offer an opportunity which the country can't afford to miss

"On the other hand, it is likely to have unforeseeable consequences for this irreplaceable coastal environment "

He said if Saldanha Steel genuinely met all the conditions and safeguards the World Wide Fund for Nature had laid out, he would find it difficult to oppose the building of the steel mill at Saldanha Bay

He said the real cause for concern was the cumulative effects of other industries that would spring up as a result of the steel mill

Saldanha Steel could not be expected to accept responsibility for these impacts

(189A)

Iscor won't budge, says chairman

CT(BR) 25/8/95

By Derek Tommey

Iscor will not move the site of its proposed Saldanha steel plant to an alternative location situated 10km inland, chairman Hans Smith said at a presentation in Johannesburg last night

He was commenting on a suggestion by some environmentalists that to prevent any contamination from the plant it should be moved away from the coast.

Smith said that Iscor had done a good job on the plant and there was no one in the world who could prove that it would pollute the area. The Saldanha project was not an environmental issue and he believed that Iscor had the high moral ground

The decision not to move the plant was a commercial one It would be profitable at its planned location at all stages of the business cycle But moving it inland would increase operating costs by about R50 million a year As a result it would not be viable at the low point of the business cycle

He was not prepared to ask his shareholders to provide the money for an unviable plant.

He expressed the hope that the commission of inquiry would report in Iscor's favour by the middle of next month

Smith said Iscor did not expect to repeat its 1994-95 performance of a 101 percent increase in net income in 1995-96, but the increase would again be substantial.

Iscor would be investing considerable sums to improve productivity at its various plants It was also looking at several other projects in South Africa and elsewhere in the world.

These included a new iron-making process, an Australian coal mine, the change at the Pretoria works to stainless steel production with a planned start-up date next April, improvements at the rod mill at Newcastle, which would result in higher profit margins and the modernisation of the Vanderbijlpark works

Steel firm jumps gun

ARLS 26/8/96 (189A) (57)

■ Saldahna Steel has started recruiting engineers and technicians for its controversial steel mill.

WILLEM STEENKAMP
Staff Reporter

SALDANHA Steel, the company planning the controversial R4,5 billion steel mill at Saldanha, is so confident it will get the go-ahead for the project that it has started recruiting engineers and technicians for the mill.

Saldanha Steel placed advertisements in Cape newspapers this week, saying critical issues such as the project's potential impact on the environment and its water usage had been resolved

Reacting to criticism from some objectors that the issues had in fact not been resolved and that the Board of Investigation had not completed its probe, Bernard Smith, chief executive of Saldanha Steel, said he felt confident that the conclusions of the Board of Investigation would be in favour of Saldanha Steel.

The board was appointed by the government to investigate the viability of the project after environmentalists and homeowners in the area expressed concerns about the impact of the mill on the sensitive lagoon area.

Mr Smith said. "We have led expert evidence that we will not exceed the standards set down for the necessary environmental control Up to now no expert evidence to prove the contrary has been given to the board

"We have a programme for the project and we have said before that we will not appoint people from the ranks of Iscor, but that we would train our own staff for the mill

"This is why we have started a recruitment drive. We hope to start training about a third of the 600 people we need to employ, by January next year We expect the Board of Investigation to announce its finding in about three weeks time "

He said if Saldanha Steel was given the go-ahead, construction would be completed by the end of 1997

Macsteel deal unfair to all, says exporter

(189A)

ST (BR) 27/8/95

By DON ROBERTSON

THE joint export venture company created by Iscor and Macsteel will prevent competitors having access to Iscor's export steel and will lead to higher domestic prices, says MacDonald International Trading.

MacDonald's assertion comes in response to a request for comment from the Competition Board which gave only "provisional clearance" to a joint venture allowing Macsteel to export all of Iscor's steel from next year.

In its submission to the board, MacDonald says it has been one of Iscor's biggest export customers over the past 10 years during which it bought, as a principal, about R1,5-billion worth of steel products for export.

SA companies have always been able to compete with Macsteel for Iscor's exports. This will no longer be the case as the joint venture, Macsteel International, will exclusively export about R4-billion of Iscor steel each year

MacDonald argues that the joint venture will significantly reduce Iscor's export earnings It says the move is aimed at cementing the commercial alliance between Iscor and the Macsteel stockholding companies

Macsteel has the largest share of the SA steel stockholding market — between 50% and 70% — and will continue to resist imports of lower priced steel into South Africa while maintaininghigh domestic prices, according to MacDonald

It says Macsteel will buy about 75% of Iscor's total output.

MacDonald believes there are clear commercial flaws in the joint venture which will be to Iscor's disadvantage.

In return for paying an inflated commission to the joint venture and R60-million in working capital Iscor appears to have received little other than the non-SA originated steel trading brokered by Macsteel

A value has not been publicly apportioned to Macsteel's contribution and MacDonald questions its volume and quality.

It is apparently Iscor's wish to exclude the trading companies who have exported its steel for many years and who provided a price check on export tonnages allocated to Macsteel under privileged arrangements put in place during the sanction years, says MacDonald.

Ironically, most of these companies, including MacDonald, increased their sales of Iscor exports from 1992 when Iscor introduced a policy of marketing its steel overseas on a "price sensitive basis, providing a competitive price checking system".

This policy, which allowed more efficient companies to compete, challenged Macsteel's dominant position. Export tonnage to Macsteel dropped significantly, according to MacDonald.

The joint venture is further evidence of Iscor failing to meet expected social criteria standards, according to MacDonald. It says Iscor is clearly not following the oil industry's example of allowing black entrepreneurs an opportunity to compete for its products.

MacDonald says Iscor, through the Industrial Development Corporation, is partly state-owned and has received R500-million in benefits under the general export incentive scheme over the past three years. With this background, MacDonald argues, Iscor should be one of industry's principal leaders in social awareness

COMPANIES

ST (BT) 27/8/95

Saldanha tarnishes Iscor's lustre

(189A)

PACIOLI

THE Saldanha Steel project seems to have been hanging over Iscor, and its share price, like the sword of Damocles

When the steel producer announced this week that its attributable earnings for the year to June had doubled, its share price nevertheless manged to slump 5c to 435c a share

The share has been unable to get close to the 500c high it reached in September even though it is still enjoying a buoyant local and international commodity cycle.

It would seem that this week's results hardly surprised the market. If anything, the results may have been marginally lower than expected despite the dividend payout being higher

But, according to analysts, the main factor holding back the counter now is uncertainty surrounding the future of the Saldanha mill and the bad publicity it has attracted.

Nonetheless, the waiting is almost over The talk is that the commission of inquiry looking into the Saldanha project has heard its final evidence and will bring out a report around the middle of next month.

And some analysts, including Hennie Vermeulen of Simpson Mckie, believe the project will go ahead. Iscor also appears to be positive

Neels Howatt, Iscor's general manager of human resources and public relations, says Iscor has completed all its studies on the project and will be in a position to start awarding contracts if and as soon as it gets the go-ahead

However, the delays will mean that the export oriented carbon steel mill, which involves capex of R3,6-billion, will come on stream only in three years' time, when the world commodity cycle is on a downward trend.

Still, Hans Smith, Iscor's managing director, says the project is expected to reduce Iscor's average cost a ton dramatically and raise significantly its total output.

Nonetheless, Iscor's production will be subjected to cyclical fluctuations — a factor it is trying hard to reduce in its operations. Saldanha's production will be entirely for export.

According to Mr Vermeulen, Iscor's margins on the local market are substantially higher than those for exports because of the lower transport costs. This particularly helped Iscor in the year to June as local sales improved 19% to 58% of total sales (last year 49%) while exports accounted for 42%

The good news is that Iscor's market in South Africa is expected to remain strong for the next 18 months to two years. There are also sure to be benefits from the reconstruction and development programme, once it gets under way

Water reticulation will require steel pipes, new houses will need roofs doors and window frames and electrification projects mean people will be buying items such as stoves, fridges, kettles and washing machines.

But Iscor is not taking any chances. It has a host of unannounced value added projects on the drawing board which may be less sensitive to cyclical fluctuations and it is involved in some sensitive negotiations It is looking at further developing its mining operations, which have been a more stable profit earner than steel

One of these projects is the possibility of titanium mines in KwaZulu-Natal or Northern Province This could also involve a smelter but Mr Howatt says any decision is about 18 months away

Two stainless steel projects — one at its Pretoria works and the other at the old Iscor Durban site — should come on stream towards the middle of next year

Iscor has also taken over full control of Cullinan Refractories, as well as the Tosa seamless tube plant in Vereeniging from Dorbyl. In addition, studies are under way regarding a palletising unit at Sishen or Saldanha and mining coking coal in Australia

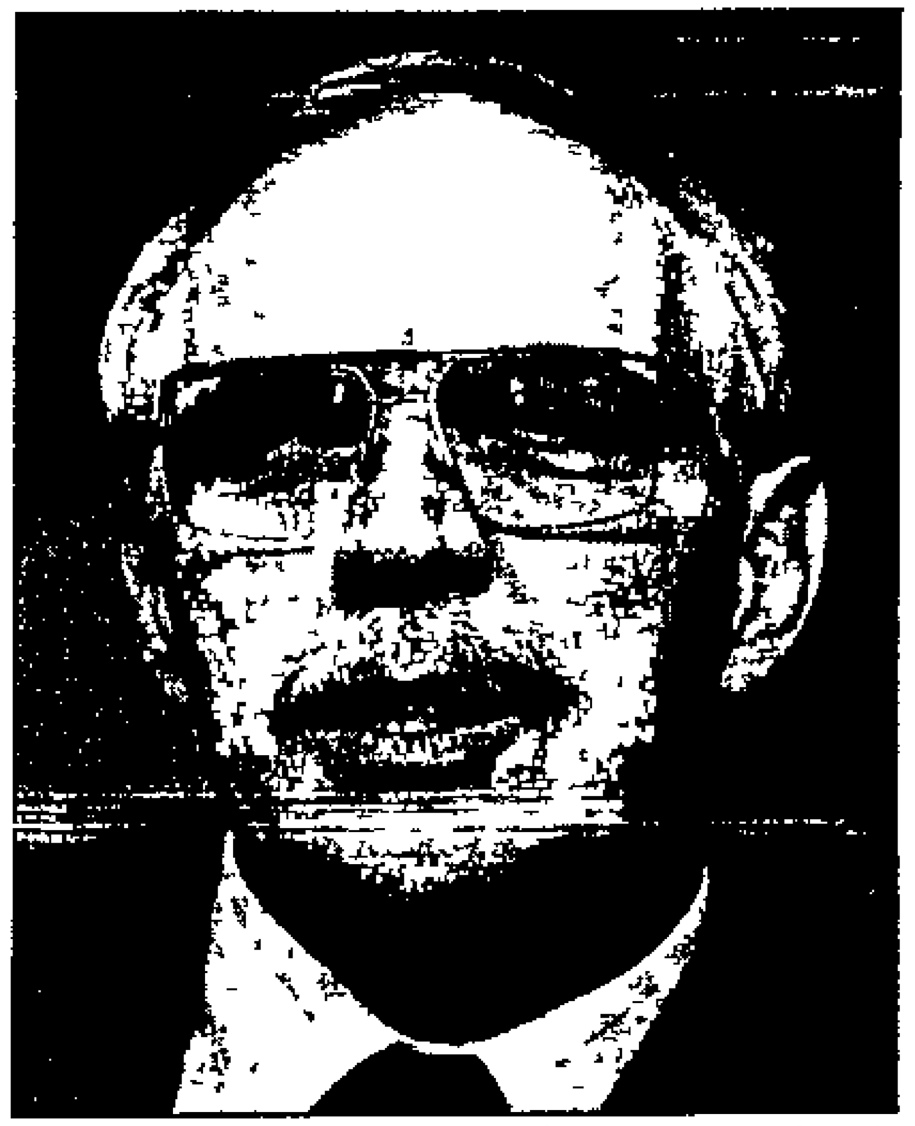
On the international front, steel export prices are softening in the US, European markets are holding steady while prices in the Far East are expected to remain strong for at least two more years, says Mr Smith.

Iscor recently paid R60-million for a 50% stake in Macsteel International which is set to take over its global marketing operations next year Iscor will benefit when the next cyclical downswing arrives as Macsteel International will give priority to marketing its steel

Mr Vermeulen finds the swing in Iscor's cash position particularly impressive From having debt net of cash end of June 1994 of R1,6-billion, Iscor is now sitting with R600-million in the bank.

Mr Smith says this should result in considerable savings in the interest bill in the current year It will also act as a buffer against the next downturn and help Iscor buy companies that have not managed the cycle well at good prices

Zilla Efrat



UPBEAT Hans Smith, Iscor's managing director

Energy boss denies oil leak

189A

ST (CM) 27/8/95

By CHARL DE VILLIERS

THE Central Energy Fund, stung by reports that its Saldanha fuel farm leaked oil, says it is prepared to sink boreholes to disprove the pollution claims

CEF managing director Kobus van Zyl this week said he would put the proposal to a CEF director's meeting at Saldanha Bay on September 27

"I'll consider this because environmentalists are concerned, not me It's to satisfy them "

Earlier this week, the Steyn Board of Investigation into the Iscor/IDC Saldanha Steel Project heard that the innermost container of one of the multi-skinned tanks leaked 5 300 litres a month

Consulting engineer Gerald Rosenthal said the facility had been designed to cope with such leakage, and all spillage was caught in a sump and pumped back into the tank

He said it was possible for Iscor to meet the same standards of containment as met by the Strategic Fuel Fund at Saldanha Bay

Mr van Zyl rejected allegations of leaks at the giant tank farm as being completely unsubstantiated This was borne out by records kept over 19 years

Iranian oil deal raises a stink

WM 28/7 -3/8/95 (189A)

An agreement by South Africa to store Iranian crude oil has incensed environmental groups and human rights advocates, reports Rehana Rossouw

THE oil trade and oil money are probably the dirtiest in the world, and South Africa was soiling its human rights track record and possibly its environment by agreeing to store Iranian oil, say critics of a multi-million-rand deal between South Africa and Iran

The Central Energy Fund (CEF) announced last week that it had brokered a deal which will be finalised soon to store 15-million barrels of Iranian oil at Saldanha Bay

The announcement once again raised questions about South Africa's foreign policy objectives and its willingness to deal with countries accused of severe human rights abuses Iran has one of the highest execution rates in the world, still detains political opponents without trial and tortures them, and reserves positions in government for adherents of one religion.

The oil deal will generate between R700-million and R1-billion annually, and the CEF is hoping tankers will begin offloading the oil next month into two tanks previously used to hoard South African reserves during the sanctions era.

Earthlife Africa representative Greg Knill said oil money was probably "the dirtiest in the world" and said his organisation deplored South Africa grasping at it

"Oil money props up repressive regimes all over the world, Nigeria and Indonesia being good examples of this In Nigeria, Shell Oil struck an ungodly alliance with an oppressive regime to supply troops to counter local protest against its poor environmental track record What will South Africa do for Iranian companies?" Knill asked

This view was echoed by foreign policy expert Peter Vale, who has in the past criticised the "schizophrenia" in the Department of Foreign Affairs which simultaneously advocated championing human rights and traded with countries which do not uphold human rights

"This deal once again illustrates that the human rights sympathies of the South African people have still not filtered through to the foreign policy establishment," Vale said

'This deal illustrates that the human rights sympathies of the South African people have still not filtered through to the foreign policy establishment'

Parliamentary foreign affairs select committee member Rob Davies disagreed, saying that if South Africa only did business with countries with a good human rights record it would cut itself off from a substantial amount of foreign trade

"You can't automatically assume that if a country has a poor human rights record, South Africa will not do business with it or have diplomatic dealings with it," Davies said

"South Africa can promote human rights in the international arena in a variety of ways From the little information available this deal is clearly a commercial arrangement and there shouldn't be any problems with it.

"When countries impose sanctions, it is a political campaign, not a commercial campaign If we use the argument that the deal should be shafted because America believes so strongly about human rights in Iran that it imposed sanctions against Iran, then South Africa must stop relations with Cuba as well."

The Department of Foreign Affairs said South Africa's foreign relations throughout the world were based on economic interests, and South Africa stood to gain from the agreement with Iran.

"This in no way detracts from the fact that human rights considerations, democratic practices and the rule of law are paramount to our foreign policy orientation," said Foreign Affairs spokesman Peter Swanepoel

"Diplomatic relations exist between South Africa and Iran and create the possibility of bringing our views to bear on the government of Iran."

Environmentalists are also comparing the response to the oil deal to the proposal by Iscor to build a steel mill in Saldanha. Opponents of the mill mounted a media campaign, petitioned the supreme court and succeeded in pressuring the Department of Environment Affairs to appoint a board of investigation.

The resultant increase in shipping to Saldanha Bay could necessitate the dredging of the harbour when this was proposed by Iscor it drew howls of protest from environmentalists

Knill said the threat crude oil constituted to the environment could clearly be seen on Clifton Beach, where crews were still battling to clean oil waste which washed up there last year

"When people heard about the benefits of the oil deal, they did cartwheels and spoke about about the benefits for the RDP, without pausing to consider the effects on the environment," Knill said

He said Earthlife Africa would respond to the oil deal in the same way it dealt with the steel mill project. The organisation's representations to the board of investigation into the mill called for a structured plan for the entire Saldanha area, in consultation with environmental groups

"Both Saldanha Steel and the CEF claimed to have done environmental impact assessments of their projects But these are often used as business tools, designed to complement the objectives of the company concerned" Knill said

"What they do is break up the study into tiny bits, like separating the study on the impact on the harbour from the adjacent lagoon and land Unless the study is integrated, all we will see is an incremental destruction of the area"

In response the executive director of the CEF, Kobus van Zyl, said critics of the project should not ignore the fact that oil had been ferried into Saldanha Bay and stored there since 1976 The harbour had been dredged in the past to accommodate the tankers.

"In those days, the emphasis on the environment was not what it is today All we did then was a study to determine what we should do to ensure that we did not have accidents and what preparations and equipment was needed if there was an accident," Van Zyl said

The CEF has commissioned the Council for Scientific and Industrial Research to do an environmental impact assessment for the Iranian deal but Van Zyl could not say when it would be completed or if it was expected before the oil arrived in Saldanha

"We are satisfied that we will be able to deal with any situation with our present capacity We have taken all the precautions we can to avoid the threat of oil pollution"

Rights and priorities, PAGE 26

NGOs play ball as batting on Saldanha gets fast and furious

(189A) ARG 28/8/95

GREEN SCENE

John Yeld

In American parlance, it might not have been a curved ball that former supreme court judge Jan Steyn threw, but it was certainly a fast one

The batter (so to speak) was Marlene Laros, conservation ecologist of the Western Cape branch of the Wildlife Society, and for a ball that was probably as unexpected as it was quick, she nevertheless managed a palpable hit.

The pitch came last week during a sitting of the board of inquiry, of which Mr Steyn is chairman, into the proposed Saldanha steel plant

Ms Laros was leading evidence about the Wildlife Society's concerns when Mr Steyn suddenly asked about the role of environmental non-government organisations (NGOs) in what has become popularly known as the new South Africa The society was coming out of a period of protest and into a period of rebuilding, and many community-based organisations (or CBOs) had been forced to rethink their roles as a result.

Had the environmental NGO movement also reconsidered its future role, Mr Steyn wanted to know — particularly as regards helping eliminate potential conflict between the need for environmental protection on the one hand and the need for development on the other?

"Has there been a look at constructive involvement taking some of the adversarial bite out of it, if you like?"

What Ms Laros might have said but didn't, was that merely by giving evidence to the board of inquiry, the NGOs were in fact playing a constructive rôle in a constructive process

She did note that the society was a key member of the Green Coalition, which sought to do precisely that — find the optimum balance between development and environmental conservation

More particularly, the NGO sector experienced "a fair amount of frustration" because existing planning processes allowed for inadequate briefs Given these circumstances, adversarial positions were almost inevitable, she said.

Briefs were usually defined by the proponents of schemes and there were no effective review mechanisms which could be statutorily enforced, Ms Laros said.

These were crucial points:

The board of inquiry was brought into being precisely because of concerns by many people that previous planning processes (like the Saldanha structure plan) had been inadequate, that the brief from Saldanha Steel project for its environmental impact assessment had been hopelessly too narrow — it specifically *excluded* the issue of increased shippping activity — and that the proposed steel project had not been considered in a holistic context because integrated environmental management (IEM) procedures are not yet legally enforceable

If the Steyn Board of Inquiry is able to make recommendations about *process* that would allay such fears in the future, it will have done South Africa a major service.

Then too, NGOs may be able to shed their adversarial image and take up a more relaxed batting stance with which to face fast or even curved balls with confidence

MONDAY
AUGUST 28, 1995

SALDANHA PLANT 'FITS GROWTH PREDICTIONS'

'Enough water for mill'

CT 28/8/95 (1894)

THE building of the Saldanha Steel mill fitted in with industrial and urban growth predictions, the Department of Water Affairs said last week. **MELANIE GOSLING** reports.

THERE was enough water in the Berg River to supply the needs of the proposed Saldanha Steel mill for the first four years of operation, the Department of Water Affairs has told the Steyn inquiry into the controversial steel project

The department's chief engineer of project planning, Mr Peter van Niekerk, said in evidence last week that after the turn of the century, other water sources, including dams and underground aquifers, could be used to supply the steel mill

Mr Van Niekerk's testimony comes after earlier evidence by Professor Bryan Davies and Dr Jenny Day of UCT's Freshwater Research Institute cast doubt on the ability of the arid West Coast region to be able to support the R4,7-billion steel mill

The UCT scientists have submitted that any additional extraction of water from the Berg River would degrade one of the most important wetland and floodplain ecosystems in South Africa

Mr Van Niekerk said that while his department had not taken the steel mill specifically into consideration in its planning, it had calculated general urban and industrial growth in future water planning

The steel mill fitted in with these broad growth predictions and there was enough water in the Western Cape to supply theprojected mill

Water Affairs geohydrologist Mr Gordon Maclear told the inquiry that underground water in the nearby Langebaanweg aquifer could be used for the mill

Monitoring

He said any large-scale abstraction from the aquifer would be monitored by the department to ensure there were no changes in the water quality

Meanwhile National Parks Board chairman Mr Naas Steenkamp wrote to the inquiry on Friday in support of evidence by leading coastal ecologist Dr Allan Heydoorn, who said that if Saldanha Steel met all the conditions and safeguards the WWF (World Wide Fund for Nature) had laid out, he would find it difficult to oppose the building of the mill at Saldanha

Mr Steenkamp said he would also like to identify the Parks Board with the concern Dr Hevdoorn had expressed about the plight of the poor in the Saldanha region and the "incontestible" need for development

"This is subject only to the caveat that development should not in any way imperil, but should rather encompass the West Coast National Park as a vital component of the region's economy," Mr Steenkamp said.

Saldanha Steel begins recruiting for mill project

(189A)

CT 28/8/95

SALDANHA Steel has begun recruiting engineers and technicians for its proposed steel mill — although the project is still the subject of a government-appointed inquiry headed by Judge Jan Steyn.

The company placed advertisements in Western Cape newspapers this week, saying it had resolved critical issues such as the project's potential impact on the environment and its water usage.

It was now concentrating on providing social upliftment and job opportunities.

Several objectors to the project have questioned the placing of the advertisement and its reference to "resolved issues" before the inquiry, which is investigating objections to the project, has made public its recommendations.

Saldanha Steel executive chairman Mr Bernard Smith said the company understood the risks in starting the recruitment drive before the board had made its recommendations but "I feel confident they will find in our favour".

The company has already employed 130 people. — Sapa

Iscor plans for a new era with R800m in projects

CT (BR) 28/8/95 (189n)

By Derek Tommey
MINING EDITOR

Revitalised steel company Iscor will spend R800 million this year on local and overseas projects which should help maintain its recent outstanding earnings growth

Iscor reported a 93,5 percent increase in earnings in the year to June after a 114 percent increase in the previous year

The projects include a possible Australian coal mine, a new process for producing iron from fine ore, the manufacture of stainless steel in Pretoria, the opening of two heavy mineral mines served by a central smelter and a string of agreements to supply know-how to several overseas countries

There were also plans for a new tin-plate line, major renovations and upgradings at the Newcastle and Vanderbijlpark works, and a major entry into the export-coal business, with planned sales of 1,5 million tons in the year to June next year

Hans Smith, the chairman, said this year's growth in earnings was not expected to equal last year's, but would still be substantial

He told an investment analysts presentation that the company was about to enter a new era

A restructuring expected to take three-and-a-half years had been completed in two and a rationalisation programme which involved the shedding of 7 500 jobs in the past few years had been achieved without the loss of a single man shift

Iscor hoped to be a net employer of labour once the Saldanha Bay steel project received approval

Ben Alberts, the managing director of Iscor's mining division, said Iscor had exported 700 000 tons of coal in the financial year just ended and had obtained quotas from shareholders in the Richards Bay terminal which would enable it to export 1,5 million tons of coal in 1995-96 It was also looking at coal deposits in Australia and could have a coal mine operating there before the end of the century

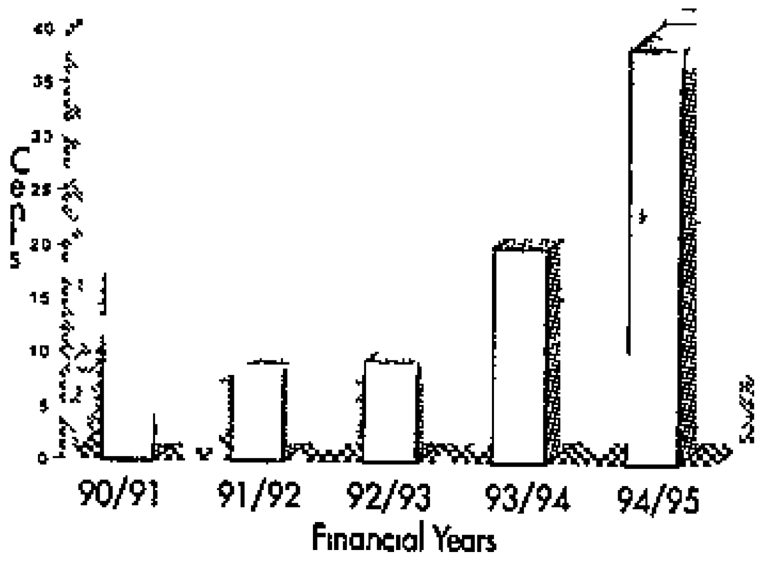
In South Africa Iscor had bought two coal mines, Northfield and Leeuwpan, and these would eventually provide 60 percent of its non-coking coal requirements

About R30 million would be spent on investigating the mining of heavy mineral deposits at Hillendale at Richards Bay and at Rooiwater near Gravelotte Both operations would be served by a central smelter and would produce about 200 000 tons of titanium dioxide slag a year

Kevin Robertson, the managing director of the steel division, said Iscor had increased its operating margin from 5,5 percent last year to nearly 10 percent and was looking for further improvements

Although steel prices in the United States had softened, Iscor expected a soft landing there and would continue to receive between $430 and $440 a ton, compared with the recent peak of $460 a ton

Earnings a share



Appeal puts Iranian oil storage deal in balance

JOHN YELD, (189A)(188)(86)
Environment Reporter ARG 29/8/95

ENVIRONMENT Minister Dawie de Villiers may delay the signing of a controversial deal with Iran to store oil at Saldanha Bay after an appeal by the Steyn Board of Inquiry

The agreement with Iran is due to be signed this week

And in another development, board chairman Mr Justice Jan Steyn told the inquiry today that positive statements by Iscor and Saldanha Steel executives and advertisements for staff for the proposed 4,7 billion steel plants at Saldanha Bay were "pure speculation" and did not reflect any preliminary view of the Steyn inquiry.

Today the Steyn board of inquiry met Dr De Villiers, asking him to take no irreversible decision leading to increased oil tanker traffic in the Saldanha Bay area before he had studied the results of impact assessments and a risk analysis now being done.

Mr Justice Steyn said after the meeting that Dr De Villiers had indicated he shared the board's concerns and "will urgently consider giving the assurance sought by us"

The Steyn Inquiry was appointed by Dr De Villiers to investigate the proposed R4,7 billion steel plant at Saldanha Bay.

The inquiry's request to Dr De Villiers comes on the eve of the signing of a contract between South Africa and the Iranian government which will see oil tanker traffic in Saldanha Bay increase from an average of 25 tankers a year to about 75.

In terms of the oil deal, the spare storage capacity at the Strategic Fuel Funds oil storage tanks at Saldanha Bay will be used to store Iranian oil and this will be traded out of Saldanha on the international market.

The Steyn inquiry is hearing final arguments this week.

Before the start of today's proceedings at a Woodstock hotel, chairman Jan Steyn read out a statement following the board's meeting with Dr De Villiers.

The board sought an assurance from Dr De Villiers that no irreversible decision would be taken which would lead to any

(To page 4)

Oil deal in balance

(189A)(86)(188)

(From page 1)

ARG 29/8/95

increase in oil related activities in Saldanha Bay without Dr De Villiers exercising appropriate powers in terms of the Environment Conservation Act to control oil related activities in the region.

They asked Dr De Villiers not to take a decision without taking "such steps as would give effect to recommendations emanating from studies as he deems appropriate"

● Mr Steyn said the board's attention had been drawn to weekend statements by Iscor managing director Hans Smith and Saldanha Steel executive chairman Bernard Smith regarding the board's possible findings.

The board had also been referred to certain advertisements for staff to be employed at the proposed mill.

The advertisement read: "We are involved in the development of a steel factory in Saldanha; we have resolved the critical issues such as the impact on the environment, water usage, etc. and are concentrating on the positive aspects such as providing social upliftment and job opportunities for the local populace."

Mr Steyn said it was self evident that these statements were "pure specualtion" and were in no way to be seen as reflecting any preliminary view of the board.

"Indeed, we have not even begun to consider the voluminous testimony before us and we have most certainly not come to any conclusions."

Referring to the advertisement for staff, Mr Steyn said the efforts and expense of this initiative was clearly done at the risk of the developer.

"We wish to give all concerned the assurance that the board will in no way be influenced either by the statements or the advertisements concerned in the advice it gives to the Minister of Environmental Affairs."

Mr Steyn told journalists he could not give any indication when the board would make its final recommendation.

Factions of Saldanha

ARG 30/8/95 (189A)

The Steyn board of inquiry, appointed in June by Environmental Affairs minister Dawie De Villiers to probe all aspects of the controversial proposal to build a R4,7 billion mini-steel mill at Saldanha Bay, is almost ready to formulate a recommendation. The board, headed by former Supreme Court judge Jan Steyn, has been sent some 100 written submissions and has several thousand pages of evidence from 57 witnesses who gave oral evidence since July 18. Yesterday, the board heard final arguments by counsel for both those in favour and against the proposed mill. Mr Steyn declined to be drawn on when he expected the board's recommendation to be ready, saying it had a substantial task on its hands and would not be rushed. Environment Reporter **JOHN YELD** summarises some of the final arguments — for and against — made to the board yesterday.

THE CASE FOR ...

SALDANHA Steel, the would-be developer of the R4,7 billion mini-steel mill at Saldanha Bay, had been democratic, open and transparent in its development proposal — and had been "crucified" by its opponents as a result.

This was one of the submissions by Marius Helberg SC, for Saldanha Steel, in his concluding argument to the Steyn Board of Inquiry yesterday

The developer had commissioned the CSIR to do an environmental impact assessment of its proposal, based on the Integrated Environmental Management procedure as defined by the Department of Environmental Affairs

"Unfortunately, the larger proportion of the public (including many experts) did not understand the purpose of an environmental impact assessment and used this mainly as a tool in their attempt to expose the proponent's (Saldanha Steel's) alleged lack of openess and bona fides," Mr Helberg said

The issue of possible alternative sites for the proposed steel mill had been one of the most contentious

But it was not for the board to direct investors where to make their profits "even if the facts were to show that in fact, financially, it will be a more viable investment to locate the project at Sishen or at any other site This board's advice concerns environmental issues, not financial issues"

The proposed oil deal between Iran and South Africa, using the Strategic Fuel Fund's storage facilities at Saldanha Bay adjoining the proposed steel mill site, had "unjustifiably" been made an issue of

"It is submitted that the harbour and the oil issues should have been irrelevant to the investigation of this board"

Referring to secondary or downstream development, Mr Helberg said this was "a highly speculative issue

"The example of Richards Bay clearly illustrates that it is almost impossible to forecast what the nature and extent of any development will be and, especially, when such development will commence"

There had not been any evidence that South Africa would be in breach of its Ramsar Convention on the protection of wetlands commitments if the steel project went ahead, nor was there any evidence that it would cause significant pollution or risk to the "ecology"

The National Parks Board had not submitted any evidence that the project would pollute or have a detrimental effect on the West Coast National Park and surrounding areas

Evidence by the Wildlife Society, Earthlife Africa and Captrust had been "emotional, to some extent interesting, but irrelevant with reference to the issues to be considered by the board", Mr Helberg argued

Iscor — a 50 percent shareholder in Saldanha Steel — had a legitimate expectation that its rezoning application for the site of the proposed mill would be decided on as this (rezoning) was a regular practice

THE CASE AGAINST ...

PLANNING for the proposed R4,7 billion steel plant at Saldanha Bay allows the doubling of its capacity and therefore also the doubling of its waste products, but this has been overlooked by many experts evaluating the project.

This was a key aspect of the submission to the Steyn board of inquiry by Andrew Brown, appearing as a "friend of the board" to sum up arguments by people opposed to the steel mill but unable to afford legal representation.

Mr Brown said he believed the board of inquiry did not have sufficient information to be able to give the nod to the proposed plant and further studies were required.

And in a submission on behalf of the Northern Cape government and individual objector Carel Schouten, Willy Duminy SC said available evidence "strongly suggested" that the steel mill would have a substantial detrimental effect on the environment of Saldanha Bay and Langebaan Lagoon if it was allowed to be built on the preferred site.

The final environmental impact assessment did not form an adequate or satsifactory basis for further decision-making in relation to the proposed project, Mr Duminy said

"The only justification given by the intended developer for selecting the proposed site was financial"

In his argument, Mr Brown said it was evid[illegible] Saldanha Steel had not paid particular attention to the Ramsar Convention site of Langebaan Lagoon and the proposed Ramsar site at the mouth of the Berg River

He argued that Saldanha Steel had failed to deal adequately with several concerns raised in the CSIR's environmental impact assessment.

These included the need for further study regarding threatened plants, the final waste water discharge of the plant and the cumulative impact of dust from industrial development in the area.

"It is submitted that there are numerous and substantive aspects of the proposed steel project which require clarification or further investigation," Mr Brown said

"I'm really arguing the need for informed decision-making."

The design of the proposed steel plant allowed for the doubling of its capacity, and this would lead to the doubling of its waste products

"This aspect had been overlooked by many of the experts," Mr Brown said

There was a good case for an environmental impact assessment of the plant operating at its full, double capacity

"Saldanha Steel has chosen a complex, sensitive and contentious site for its development by applying economic criteria alone

He submitted that the "precautionary principle" should be applied to an evaluation of the proposed site and that the board should either recommend that the site be refused or advise Environmental Affairs minister Dawie de Villiers that further studies or investigations were required

Iran oil deal on hold after appeal by Steyn

MELANIE GOSLING

CT 30/8/96 (189A)

ENVIRONMENT Minister Dr Dawie de Villiers has agreed to put the Saldanha Iranian oil storage deal on ice after an appeal by the Steyn board of inquiry

Mr Justice Jan Steyn met Dr De Villiers yesterday to ask that "no irreversible decision" leading to increased oil tanker shipping in Saldanha Bay be taken before the minister had studied the results of an environmental impact assessment commissioned by Portnet and an environmental risk assessment commissioned by the Strategic Fuel Fund

The deal, which would increase shipping in Saldanha from 25 tankers a year to 75, was to have been signed this week.

● See Page 3

'ENOUGH EVIDENCE THAT MILL POSES THREAT'

Saldanha planning decision 'a mistake'

(189A)

CT 30/8/95

THE Steyn inquiry was urged yesterday to delay its findings on the Saldanha Steel mill until more information about its impact was available. **MELANIE GOSLING** reports.

THE decision by planners "in armchairs" to earmark sections of the Saldanha region for heavy industry over two decades ago was a mistake — and the Steyn inquiry was the last chance to turn that around, the board heard yesterday.

This was said by counsel appointed to assist the board in the public interest, Mr Andrew Brown, who said it was essential the Steyn board of inquiry delay its findings on the controversial R4,7-billion Saldanha Steel mill until further information was available

Mr Brown submitted there was enough evidence to show that the steel mill posed a threat to the environment. Yesterday was the final day of public hearings

But counsel for Saldanha Steel, Mr Marius Helberg, urged the board to advise Environment Minister Dr Dawie de Villiers to allow to go ahead now

"This is not a process to be followed with future industrial development. It will kill industrial development," he said.

Mr Helberg submitted there was no evidence that the steel mill would have a detrimental effect on the lagoon or the bird life Evidence submitted on pollution was "mere supposition"

The Department of Water Affairs had testified that there was adequate water to supply the steel mill without any detriment to the environment

Mr Helberg said Iscor had a legitimate expectation for their rezoning application to be heard now and not in the future

Mr Brown urged the board to accept the precautionary principle of the Ramsar Convention that if there were any doubt about the potential negative impacts of a proposed development on a declared Ramsar wetland — like Langebaan Lagoon — the development should not go ahead.

Pollutants

He said there was uncertainty about how much underground water could safely be extracted for use by the steel mill and about movement of underground water which could carry pollutants into the lagoon.

Mr Brown said the 1974 decision to earmark sections of the Saldanha region for heavy industry had been a mistake

"The country is facing the last chance to turn that mistake around Saldanha Steel has to be the victim of that mistake," Mr Brown said

Zinc strikers face final interdict bid

(189A)

Deborah Fine

BD 31/8/95

STRIKING workers at the Zinc Corporation's East Rand operation have been ordered to show cause in the Rand Supreme Court next month why the company should not be granted a final order interdicting them from stopping temporary workers from entering the plant during the strike

In an affidavit, Zincor senior personnel officer Martin Hurworth said strikers had also stoned vehicles trying to enter

An interim interdict was granted on Tuesday prohibiting strikers from coming within 100m of the plant and obstructing access to the plant.

Eskom conduit for US institute

Theo Rawana

BD 31/8/95

ESKOM and the US-based Electric Power Research Institute had agreed to form an African centre for essential community services — a technology transfer mechanism for moving institute technology through Eskom to sub-Saharan Africa, they said yesterday

Institute customer systems group vice-president Clark Gellings and Eskom research manager Steve Lennon said the centre would probably use a major SA university as its host site.

The California-based institute, with 700 utility members, was founded in 1972 for the US electric industry to improve power production, delivery and use.

The centre would function as a satellite of the institute's customer systems group community environment centre in St Louis, Missouri, and would become part of the institute's centre and office network

"The process of site selection (in SA) is already under way, with the opening scheduled for March-April 1996 Selection criteria include technical capabilities, community presence, ties to key SA industries and resource contributions," the organisations said in a joint statement.

Initially the centre would be supported by Eskom and the institute, with extra funding from SA's government, water utilities and health care industry. It was to be self-supporting and function as a nonprofit corporation.

MANUF. - IRON, Steel, Engineering & Metal - Ind. (189A)

1995

SEPT. - DEC.

'ATTEMPT TO GET SALDANHA REZONING'

Steel mill opponents slam Iscor's pullout

(189A)

CT 2/10/95

CAMPAIGNERS against the Saldanha steel mill are angry about Iscor's withdrawal from the project, claiming it is an attempt to get the province to rezone the property.

THE Campaign for Saldanha has urgently called upon Environment Minister Dr Dawie de Villiers and Mr Justice Jan Steyn to re-open the investigations of the Steyn board of inquiry into the feasibility of the Saldanha steel mill, following Iscor's sudden withdrawal from the project.

The group, which is opposed to the mill, says recommendations should be made only after the board has been able to assess the existing information in conjunction with any proposals for a revised project

Mr Ian Moultrie, largest individual Iscor shareholder and a member of the Campaign for Saldanha, slammed Iscor's sudden withdrawal 10 days before the commission releases its report

He alleged it was an attempt by Iscor "to persuade the provincial authorities to hastily rezone the property, even if there is a negative finding by the Steyn inquiry"

Mr Moultrie said the Saldanha project had not been delayed, despite claims by Iscor that delays in rezoning had held up the project by almost a year, and pushed up the capital cost

He said the cost of moving the site within the Saldanha area would be small Siting it at Sishen would improve profits

Iscor's investment in the project stood at R745 million and it was unable to withdraw or cancel this investment without the consent of Iscor shareholders

Iscor announced last week that the Industrial Development Corporation, a 50% shareholder in the project, would investigate alternative iron-making technologies, supplies and financing structures in a study to be completed in January.

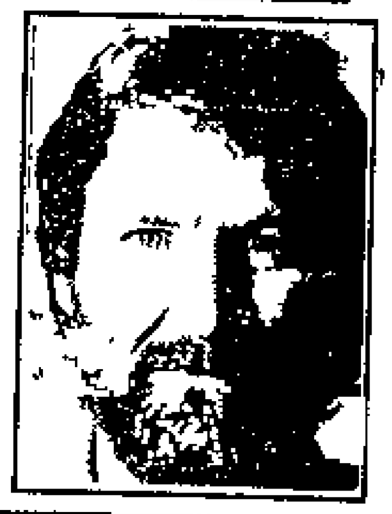
Mr Moultrie said this was an indication that Iscor was turning away from the environmentally friendly Corex process, which invalidated the current rezoning application. — Staff Reporter

Saldanha: Iscor bodes ill for the future development

(189A) ARG 2/10/95

GREEN SCENE

John Yeld



WHEN the news broke last week that Iscor was pulling out of its joint partnership with the Industrial Development Corporation to develop a vast new steel producing plant at Saldanha Bay, you could have knocked most environmentalists over with well, an oiled penguin's feather.

Okay, I know there were only 30 or so lightly oiled birds on Jutten Island and only odd small patches of oil in the salt marshes way down at the southern end of Langebaan lagoon and that those consequences didn't constitute environmental damage — at least not in the eyes of the Strategic Fuel Fund

And I know that the spill from the Hawaiian King had no direct connection with the proposed R4,7 billion Saldanha Steel Project, apart from their physical proximity

But remember that much of the Steyn board of inquiry's time and attention was focused on the issue of holistic planning for the area and the cumulative impact of secondary industry and other activities on the sensitive Saldanha-Langebaan environment, in addition to the impact of the proposed steel mill itself

So why did Iscor actually pull out?

There are as many theories at the moment as there would have been rolls of hot coiled steel on the Saldanha quay waiting to be exported if the plant had been built

Even Iscor's own press statement sheds little light. In it, managing director Hans Smith said the project had been "held up" by almost a year. "The impact of the delays on capital cost escalations and forecast project returns has now been assessed and has resulted in our decision"

What is extremely disappointing is that, despite all that has emerged during the past months, Iscor still appears either unable or unwilling to acknowledge that there are factors other than pure profit which have to taken into account when deciding whether — and where — mega-projects like this should be built

Those include environmental costs, sensible land-use planning and the most effective use (nationally) of limited resources like water

Such decisions are not Iscor's and/or the Industrial Development Corporation's to be made, then to be rubber-stamped by the authorities through a quick and guaranteed rezoning

Iscor's failure to acknowledge that fact bodes ill for future development which even the most ardent conservationists acknowledge is necessary — although not close to the edge of Langebaan lagoon — to help the region's inhabitants.

Saldanha 'training'

CT 3/10/95

(189A)

SALDANHA STEEL said yesterday it would select trainee technicians for its proposed R4,7 billion steel mill, despite Iscor's decision last week to pull out

Executive chairman Mr Bernard Smith said the company would assist the Industrial Development Corporation (IDC) in finding new financing for the project.

"We are working hard to help the IDC find a solution to this dilemma."

Mr Smith admitted Iscor's withdrawal had caught him off guard He had learnt of the decision only hours before it was announced.

Iscor said delays in implementation of the project had raised costs to the point where the project was no longer viable

IDC chief executive Mr Carel van der Merwe said last week the IDC would know next month whether the troubled project should be saved or scrapped

The IDC, Saldanha Steel's main shareholder, was looking at various options, including finding another partner, scrapping steel production plans and reducing the plant's targeted output.

Mr Smith said he would review his position as executive chairman once Saldanha Steel had a clearer view of the project "I still believe that it is a fundamentally good project We just have to have faith that we will find a method of financing it and attracting Iscor back into the fold." — Sapa

Tongaat Hulett to expand operations

(189A) CT (BR) 4/10/95

By Andy Duffy

STAFF WRITER

Tongaat Hulett has cleared two key hurdles in its R1,75 billion bid to expand its aluminium operations, despite parent Amic's decision to shelve the plans in protest at government tariff policy

The diversified industrial group has finalised the deal to sell half its aluminium division — a precondition for the project — to project partners Amic and Industrial Development Corporation for R350 million

Tongaat has also secured approval from the receiver of revenue to allow the partners to use the project's losses to cut their individual tax bills over the life of the scheme

Ted Garner, the financial director, said Tongaat expected to finalise a 10-year supply contract this month with Alusaf, worth R1 billion a year

He said the go-ahead for the project still hinged on acceptable government tariff policy

But the project was in the national interest

Tongaat's board would make its decision on November 15

"I would like to think the go-head would be given"

"It's a project that is so much in the public interest that it has to go ahead," he said

The expansion will treble annual output at the Maritzburg mill to about 150 000 tons

Tongaat has already raised about R400 million toward funding by securing shareholder approval in July to issue more shares

Concerns

But Amic, which holds 43,5 percent of Tongaat, warned in August that the scheme had been put on hold because of concerns about government tariff reforms

Leslie Boyd, the chairman of Amic, was unavailable yesterday

Garner said offshore loan funding worth up to R800 million would be signed once the all-clear was given.

Iscor may still meet $90m Saudi contract

CT(BR)5/10/9(189A) (483)

By Andy Duffy

STAFF WRITER

Iscor could still meet a targeted $90 million a year export contract to Saudi Arabia, even if Saldanha Steel — the vaunted main supplier for the deal — was scrapped, the steel producer said yesterday

The company said it could supply the annual contracted 260 000 tons of hot rolled coil into the new Saudi mill from its Vanderbijlpark plant, without increasing capacity

The contract, being negotiated with Saudi company Al-Shamrany Industrial Group, had been seen as a major coup for the export-oriented Saldanha Steel

The deal would have soaked up one fifth of Saldanha's projected annual capacity for hot rolled coil

But Saldanha now hangs in the balance following Iscor's decision last week to pull out of the R4,7 billion scheme

Capacity

"If we do get the contract we'll place the order in Vanderbijlpark," a spokesman for Iscor said

"We're not going to increase production capacity for one contract"

Iscor is already pumping R1,2 billion into refurbishing and upgrading Vanderbijlpark in a bid to cut its production costs

He added that the Saudi supply contract was still some way from being finalised

Iscor and EL Bateman division Bateman Minerals and Industrial struck a deal with the Saudi group in July to build the $100 million mill

The Saudi plant is due to be commissioned in 1997, turning out cold rolled, galvanised and prepainted sheet.

M&R and Iscor firms in merger

(189A)

BD 5/10/95

Michael Urquhart

MURRAY & Roberts' Reinforcing Steel Contractors (RSC) and Iscor's Cisco would merge to form a R500m-a-year reinforcing bar and roofbolt manufacturer, the companies said yesterday

Reinforcing Steel Contractors is the steel producing and processing arm of Murray & Roberts, while Cisco is a scrap-based mini-mill producing steel reinforcing bar

The merger was done through an asset exchange, leaving both companies with a 50% stake in the new company, which would be called Reinforcing Steel Holdings

RSC CE Carlo de Nicola, who is CE of the new joint venture, said RSC had previously been acquiring reinforcing bar from sources worldwide These had proved unreliable

A decision was taken last year to find an alternative, and negotiations with Iscor and Cisco had started

The deal would see Cisco moving downstream into the cutting, bending and distribution of steel reinforcing bar, while RSC would move upstream by securing its supply of manufactured steel bar

Iscor MD Kevin Robertson said the increased production of bar and the corresponding reduction in production billets would improve the mini-mill's profitability

Until now, Cisco had been unable to convert all its production to bar within the limited market it had operated in, he said

The merger with RSC would substantially enlarge Cisco's local and international market for steel reinforcing bar

The dealt would also allow Cisco to rationalise its product range, improving plant utilisation and lengthening production, and decrease overheads

Cisco's mining roofbolt operation would be integrated also with that of RSC, which De Nicola said would promote rapid expansion in the mining rebar market.

He expected Iscor and M&R to benefit from growth in turnover with improved domestic conditions, with the SA construction market for reinforcing bar expected to increase from the current 205 000 tons a year to 239 000 tons by 1997

Stainless steel shortage expected to ease soon

BD 6/10/95 (189A)

Michael Urquhart

THE domestic stainless steel shortage which has been bedevilling SA stainless steel goods producers should ease by mid-November, Columbus marketing director John Rowe said yesterday.

He said the position was already easing significantly, with production from Columbus likely to reach 20 000 tons this month Total domestic consumption is 60 000 tons a year

All the company's hot-rolled products had been pushed onto the local market The only exports were hot-rolled coil.

Stocks had been pushed down to very low levels, and Rowe estimated total overdue orders for stainless steel stood at approximately 20 000 tons

Tight local conditions had been aggravated by a shutdown last year of Columbus' annealing and pickling line, and there had been another break in production when the hot mill had been shut down for nearly a month to replace the old mill.

Rowe said that this process had been completed September 13, and full commissioning had taken place

At the same time as these production interruptions, the local market had grown from 39 000 tons in 1993 to its current level of 60 000 tons.

This had come about as a result of a strengthening of the domestic economy, as well as the growth of industries such as tank containers and car exhausts, Rowe said

The shortage has been harsh on local producers, with Stewart Anderson of Anderson Engineering saying the lack of raw materials had led to orders not being fulfilled and people being laid off This had been the most severe shortage in in 40 years

His company — which relied on stainless steel products for 90% of its business — had laid off a third of its workforce Other stainless steel companies were in the same boat

Anderson said that it was difficult to source material from overseas, as there was a four-month delay between placing an order and receiving the material, and a 10% surcharge and transport costs made the overseas stainless steel uncompetitive.

In an attempt to keep their heads above water, companies were trying to make products using other raw materials such as boiler plate or mild steel This was not, however, his company's core competency, he said

Iscor halts long slide as share stages recovery

BD 6/10/95 (189A)

Michael Urquhart

ISCOR'S share price staged a mild recovery on the JSE yesterday after a long slide which analysts attributed to the falling world steel price and negative reaction to Iscor pulling out of the Saldanha Steel project.

The counter gained 8c or 2,1% to end the day at 388c, well off the 490c annual high it achieved this time last year but marginally above the 380c low it touched earlier this week

Iscor produced about two-thirds of its operating profit from steel in its last financial year, and analysts said that with the international steel price coming off sharply these profits would be negatively affected

Iscor has a number of new projects in the pipeline, including the mineral sands projects at Richards Bay, the Moranbah coal mine in Australia and a possible expansion of the Sishen iron ore mine in the Northern Cape.

It also recently announced the acquisition of a 35% stake in Australian mining group Ticor for R370m, giving it vital exposure to new business areas and addressing its long term coking coal needs.

About R745m which had been earmarked for Saldanha Steel remains in Iscor's kitty, and Iscor director Neels Howatt said the company was currently investigating new projects

Although there was still the possibility of the Saldanha project going ahead in some restructured form, he said Iscor saw future growth projects coming from the mining side, which was less cyclical than the steel business.

(189A)

ISCOR

Backing off

What is really happening at Iscor? The market is humming with inquiries but no-one seems to have satisfying answers

The issue, of course, is the steelmaker's abrupt withdrawal from its heavily attacked, R3bn Saldanha Steel project, just weeks ahead of the findings of the Steyn board of inquiry appointed by Environmental Affairs & Tourism Minister Dawie de Villiers to evaluate the project

"This (the decision) has nothing whatsoever to do with the outcome (of the Steyn inquiry)," says Iscor financial director Louis van Niekerk "It was a commercial decision which was made in the light of Iscor's increased financial risk exposure and now reduced returns"

The delays caused by the environmental outcry which the project elicited "are part of the problem," he adds Van Niekerk says the underlying problem is not the depreciation of the rand against European currencies (which means paying more for capital equipment) but its steadiness against the dollar (in which its exports are priced) as well as inflation The exchange differential apparently played an important role in the decision

As an explanation it is unsatisfactory in at least one respect only a few weeks ago, Iscor CE Hans Smith told a meeting of investment analysts that he was optimistic the project would go ahead Nothing at that time suggested the Saldanha scheme lacked economic merit. The marked deterioration since then has raised cynical eyebrows

Van Niekerk is adamant the decision to refurbish and upgrade production facilities at Iscor's Vanderbijlpark works, at a capital cost of R1,2bn, was taken before Saldanha "Whatever happened at Saldanha, the rationalisation at Vanderbijl would still have been undertaken" This project involves an extensive upgrading to convert to continuous casting. "When it's complete," says Van Niekerk, "it will be the lowest integrated cost producer of hot rolled coil in the world"

The suspicion which lingers in the market is that Iscor's decision to withdraw from Saldanha — after costs of between R80m and R100m were incurred — is grounded in a serious wish to back off entirely. The IDC

has a number of options it can close the scheme and walk away, sell to another party or entice Iscor to return. Van Niekerk says Iscor will only go back if the risks are reduced and the rewards improved on Iscor's portion of the investment.

Saldanha Steel chairman Bernard Smith says Iscor's original decision to proceed was taken late last year.

"There has been a lot of engineering since then. In addition, capital costs have risen by about 10% and by an amount we agreed to put in to mitigate any environmental damage." Smith declines to reveal the environmental impact allowance.

The implication is that Iscor's original capital estimates and those for its total risk were wide of the mark. This is also what the market suspects and, together with the recent downward drift in carbon steel prices, it probably adds to the comparative lack of interest in the Iscor counter. This week its price had drifted down to 393c, from R5 a year ago.

David Gleason

Report says 'No' to Saldanha site for steel mill

(189A) ARG 6/10/95

JOHN YELD
Environment Reporter

THE proposed site at Yzervarkensrug for the R4,7 billion steel plant at Saldanha Bay is not desirable and a suitable site further inland should be readily identifiable

This is the main recommendation of the Steyn Board of Inquiry into the proposed steel factory which handed its report to Environmental Affairs Minister Dawie de Villiers at a packed press briefing today

The board said the suitable site further inland could be determined without significantly jeopardising the economic viability of the project or without undue delay

"It is our view that the risk to the environmentally sensitive areas in the vicinity of the development will be materially reduced by locating the plant further inland

"A responsible developer would certainly determine the suitability of the Langeberg or other suitable inland site in other respects before seeking to adopt an intransigent attitude that — as it was suggested — it is 'roast duck or no dinner'"

The report said Saldanha Bay was the developers' preferred location and the board believed there was no overriding reason why any authority should interfere with this choice

There were, however, certain constraints in this respect

Chairman Jan Steyn said the recommendations had been agreed unanimously by the three board members

"It was a very complex matter and the advice we've given is the product of very considerable anguish on our part"

He emphasised it was only advice and that any decisions based on it would be taken by the government

Steyn report draws muted reactions

(189A)
ARG 7/10/95

JOHN YELD
Environment Reporter

MIXED reactions have greeted the Steyn board of inquiry's finding that the proposed site for the R4,7-billion steel plant at Saldanha Bay is not desirable and that a suitable site farther inland should be readily identifiable.

Environmentalists have welcomed the board's report, handed to Environmental Affairs Minister Dawie de Villiers yesterday, but their reaction has been muted, with most emphasising that it was not a question of "winning" or "defeating" the Saldanha steel project.

The real issue was about sustainable development and sound environmental planning for the benefit of future generations, said Marlene Laros, conservation ecologist of the Wildlife Society.

"Our fears, however, of the implications of downstream developments, increased oil shipping activities and the extension of the harbour have not been allayed.

"Water is a major consideration for the viability of an industrial development node in the Western Cape and remains a concern, as does the present inadequacy of social services in the area and the future pressures on them."

West Coast transitional local council mayor Ebrahim Nackerdien said he was personally "disappointed" with the report and that the local community was "very unhappy"

The Steyn board's report said

■ The Steyn board has recommended the proposed Saldanha steel project be built farther inland — a suggestion that has received a mixed reception.

Saldanha Bay was the developers' preferred location and the board believed there was no overriding reason why any authority should interfere with this choice.

There were, however, certain constraints in this respect.

"We point to the fact that the developer has chosen to locate so close to environmentally sensitive areas as to have raised in the minds of reasonable and responsible environmentalists a justifiable concern that damage may be caused to the environment," the report stated.

The central government's environmental policy was that alternative options should be considered

"It is clear that this requirement was not, from an environmental point of view, observed in this case," the board's report stated.

"This is not in itself a fatal flaw, but in all the circumstances we conclude that it was unreasonable not to have seriously considered any other site in the vicinity of the preferred site."

The site selected by the Saldanha steel project — at Yzervarkensrug — did pose environmental risks which could to a significant extent be reduced by locating at the Langeberg site or at some other site further inland.

"Such relocation is not inappropriate by virtue of financial considerations *per se*."

Chairman Jan Steyn said the recommendations had been agreed on unanimously by the three board members.

The World Wide Fund for Nature — South Africa (WWF SA) endorsed the board's recommendation that industrial development in the Saldanha-Vredenburg area should be encouraged, but be in keeping with the environmental sensitivities imposed by ecological and aesthetic features which occurred only in this region.

"WWF SA therefore applauds the view of the board that "a balance must be maintained between environmental conservation and development".

It also ackowledged the dilemma faced by the board in that the interim constitution enshrined two fundamental freedoms: the right to freely engage in economic activity and the right to an environment which was not harmful to an individual's health.

Langebaan property owner Zolia Rumble, one of the most forceful objectors to the proposed site for the steel factory, described the Steyn report as "wonderful" and said many other "very ordinary people" who had been involved felt the same.

"The process of investigation has been intensive, lengthy and exhaustive, but really important milestones have been passed.

"Jobs, foreign exchange and profits are all part of the equation for our country's growth, but so is the environment," she said.

GOVT REACTION AWAITED

Nothing in report to entice us back — Iscor

CT 9/10/95 (189A)

HOPES that the Steyn board of inquiry report into the proposed Saldanha steel mill might persuade Iscor to rejoin the project have been dashed. **MELANIE GOSLING** reports.

ISCOR managing director Mr Hansie Smith said there was nothing in the report of the Steyn board of inquiry that would "entice" Iscor back into the R4,7-billion Saldanha steel mill project

He was, however, "anxiously waiting" to see if the government would accept the inquiry's recommendation that the mill be moved nine kilometres inland.

The move, he said, would increase expense and further endanger the project's viability

"The Steyn report is nowhere close to finality on the issue These are recommendations and the government need not follow them Once a decision has been made, we will comment further," Mr Smith said

- Iscor pulled out of the joint Iscor/Industrial Development Corporation venture two weeks ago, claiming delays by the inquiry had caused unacceptaby high capital cost escalations.

The Steyn report the steel plant should not be allowed to go ahead on the proposed Yzervarkensrug site — two kilometres from the Saldanha Bay shore — because of the risk to its surroundings.

The risk would be "significantly" lower at Iscor's Langeberg site 9km inland

Confrontation

It said any responsible developer should show "acute sensitivity" to the justified public concern of a major industrial development in an environmentally sensitive area, and should have considered alternative sites in the vicinity

An unyielding attitude by the developers would alienate many parties and could create continued confrontation and even "militant opposition"

The board's sub-committee had found that the rate of return to shareholders if the steel mill were moved inland to Langeberg would be about one percent less than if it remained at the Yzervarkensrug site.

In tabling the report, inquiry chairman Mr Justice Jan Steyn said "That is a critical finding. The cost differences are not so profound as to justify rejection of the Langeberg site on financial grounds only."

He said a responsible developer would determine the suitability of other sites before adopting an intransigent attitude of "roast duck or no dinner".

The report recommended the Vredenburg/Saldanha Bay region's structure plan be revised as soon as possible and that the zoning of heavy industry close to the Saldanha Bay shoreline, which would be detrimental to tourism and the marine culture industry, be reconsidered.

"It makes little sense to require the steel mill to locate further inland but to leave open the possibility of some other industry with pollution potential coming into being close to the shoreline," the report said.

late for Classification — Deaths

NEV

INCREASED THREAT TO MARINE LIFE

Saldanha shipping could be doubled

(189) CT 10/10/95

A CSIR report has found that increased shipping volumes in Saldanha Bay and the extension of the harbour will have a high impact on marine life. MELANIE GOSLING reports.

IF THE proposed Iranian oil deal and the Saldanha Steel project go ahead shipping in Saldanha Bay will almost double, with the number of ships entering the port each year rising from 250 to 475

This is one of the findings of the CSIR's draft environmental impact assessment (EIA) report, released yesterday, on the proposed extensions to the general cargo quay at Saldanha.

The EIA, commissioned by Portnet, found that the increased shipping would increase the risk of pollution accidents in the bay and could also result in conflict between the different uses of Saldanha Bay, like shipping, recreation and mariculture.

The report recommended a representative working group be established to review existing safety and pollution measures in the bay and plan for the future

It also recommended that a management audit be done to assess the adequacy of safety systems to cope with increased shipping, and an independent safety audit should be done annually.

The EIA said blasting for construction of the quay could have a high impact on marine life and could kill marine animals, especially penguins But bird deaths could be reduced to zero and the impact to other marine life — except fish — to minimal levels, if the size of blasts were reduced and if they were restricted to between 11am and 1pm when few birds were on the water

Dust from lead and copper exports could cause pollution of the sea surface and kill mussel eggs This should be monitored by specialists.

Dredging would not cause environmental problems.

The project would also mean an increased demand for housing, health and welfare facilities The report recommended Portnet employ local people, expand the clinic, implement a health monitoring programme and construct workers housing rather than provide temporary housing.

The extension of the cargo quay will go ahead if the R4,7 billion Saldanha Steel project is approved The quay will be extended by 635m and a navigational channel deepened to 15m

Potential partners in Saldanha talks

(189A) CT(BR) 11/10/95

By Charlotte Mathews

Business Report Staff

The Industrial Development Corporation (IDC) is talking to potential partners in the Saldanha Steel project to fill the gap left by the withdrawal of Iscor two weeks ago, IDC chief executive Carel van der Merwe said yesterday

However, the matter was at a delicate stage and discussions also had to be held with government and suppliers, he said

Iscor pulled out of the controversial R4,7 billion steel mill, originally proposed last November for a site near the environmentally sensitive Langebaan lagoon, at the end of September, citing inordinate delays

One of the delays was caused by the Steyn inquiry, which last Saturday recommended the project proceed, but at an alternative site further away from the bay

Van der Merwe said the IDC was in the process of looking at alternatives and had three or four weeks to come up with a solution. It had to decide whether the project was viable since it was costing a lot of money to keep the whole infrastructure intact.

Saldanha Steel executive chairman Bernard Smith confirmed alternatives were being considered in the light of the recommendations of the Steyn committee

Smith was unable to confirm whether the project would go ahead "I would like to see Iscor come back," he said

Tongaat-Hulett invests in black empowerment

Nicola Jenvey SUGAR (189A) 30

DURBAN — Tongaat-Hulett was involved in a string of black empowerment projects worth more than R1,2bn, group MD Cedric Savage said yesterday

The projects included an R800m casino investment, a R400m low-cost housing development, and plans to supply Eskom's electrification programme The diversified industrial group said it expected the projects to be finalised by the year-end

The casino development, on prime land at Zimbali, would be 50% owned by regional black entrepreneurs The housing development — for 6 000 high-density units at Mount Moriah — was awaiting official approval from the provincial department of local housing.

Tongaat was currently finalising plans with Eskom and the Industrial Development Corporation to establish a R10m electrical insulator plant

Other projects included developing medium-scale black sugar farmers in the Kearsney and Maidstone-Darnall areas.

Farmers would purchase about 70ha each for development, funded by the KwaZulu-Natal Finance and Investment Corporation.

Employer

BD 12/10/95

The group was also looking at reopening a quarry and brick site in Grahamstown to create employment in the area.

The factory had been the town's second largest employer after Rhodes University.

However, financial approval was still needed from the IDC

Savage said the group would meet its targeted 25% growth in attributable income for the six months to September, despite the negative effect of depressed demand.

Sales of building materials could have been tripled had work from the RDP come through, while the drought had left the sugar division with tonnage down 5% at an estimated 590 000 tons for the current season.

Sales in the starch and glucose division and in aluminium were marginally higher, but food product volumes and textiles had been static.

Columbus gives SA a mirror finish

(1894) CT(BR) 12/10/95

FROM SAPA

The final stages of commissioning at Columbus Stainless' expanded steel plant in Middelburg saw the successful implementation of a vertical bright-anneal line allowing for South Africa's first production of bright annealed stainless steel

The new line had a production capacity of 60 000 tons a year of bright-annealed or mirror-finish stainless steel Previously, all this material was imported

"Initially, a significant tonnage will be exported as the local market is not yet in a position to absorb the full capacity Most export material will be used for architectural applications," said Fred Boshoft, the chief executive of Columbus

Riaan Freemantle, the cold mill and processing lines manager, said although the quality of the first product off the line was not yet in line with international standards, fine-tuning in conjunction with Columbus' technology partners, Thyssen Stahl, would see quality at these levels within a couple of months

JSE growth could give equities a boost

BY LLEWELLYN JONES

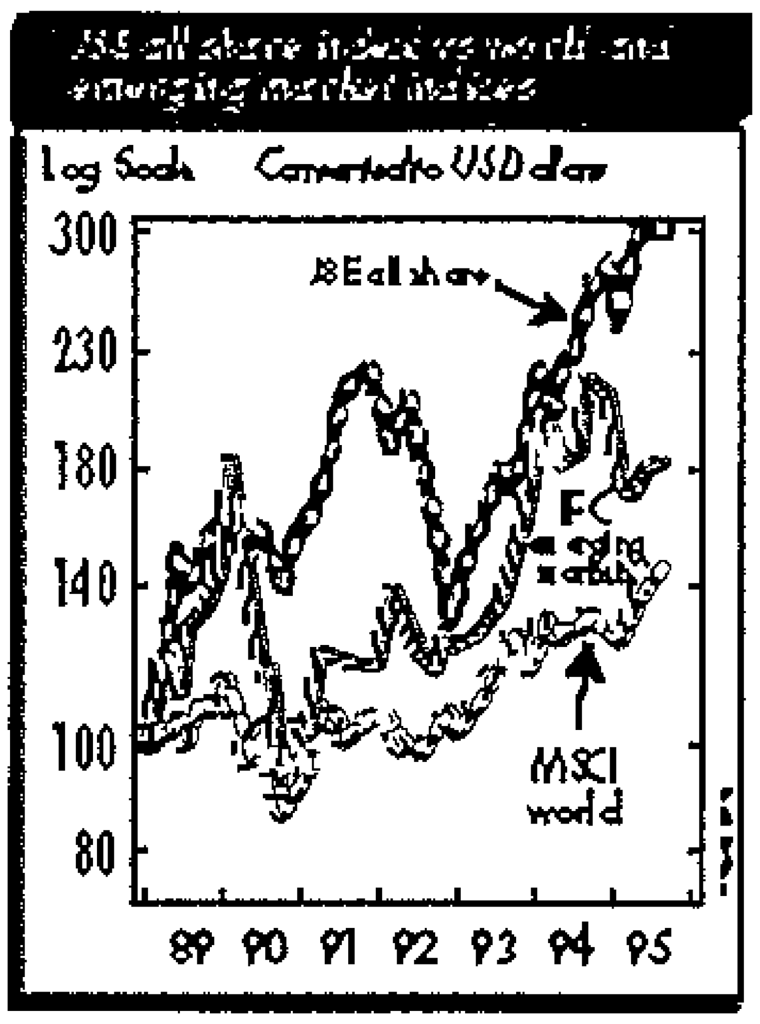
STAFF PITEP

New growth on the JSE over the next 12 to 24 months could see equities provide a higher return over cash, Adrian Allardice, the Old Mutual Unit Trusts senior portfolio manager, said at a press briefing yesterday

Forecasting a resumption of growth, he said that the pause in the JSE's uptrend of the past 12 months was expected, given the sharp price increases over the past two years

"But corporate earnings growth is fast catching up with current price levels," Allardice said "The JSE will soon be focusing on the new economic growth platform in South Africa with about 3 percent GDP growth being repeated for several years We are looking to renewed world economic growth in 1996 flowing through the local economy and boosting exports"

While the balance of payments was a negative factor, Allardice believed that strong capital inflows would finance the deficit allowing



the economy to show sustained growth

"The encouraging trend in the inflation rate, which could soon dip below 7 percent, suggests that the threat of renewed interest rate hikes has been removed"

Institutional cashflows were strong and inflows into the unit trust industry were extremely encouraging, given the dull stock market of the past year

Sentiment in most overseas stock markets was positive and overseas buying of local equities would continue "Most funds are still underweight and we can expect buying from offshore"

Industrials could again be one of the most sought-after sectors, although Allardice believed that some of the blue chips were offering little value after being pushed too high by foreign buying Local demand was likely to focus on lagging shares and even spill over into third-tier stocks "We have been buying some of the smaller share capitalised companies"

The banking sector was still offering above average value if current interest rate trends continued, but there was little good news for gold bulls with hardly any change in the metal's dollar or rand price expected

Other commodity shares, which had pulled back sharply as forecast, could perform strongly in 1996 if world growth surprised on the upside or if the market was wrong on the strong rand

Group gets steel report (189A)

CT 12/10/95

STAFF REPORTER

THE Steyn inquiry report on the controversial Saldanha Steel project was presented yesterday to the cabinet committee on economic affairs by Environmental Affairs Minister Dr Dawie de Villiers

A spokesman for the Department of Environmental Affairs said yesterday the "real political decision" on whether the Steyn report recommendations would be adopted by government, would be made by the committee

The main recommendations of the report, released last week, were that the R4,7-billion steel project not be allowed to proceed on the Yzervarkensrug site two kilometres from the Saldanha Bay shoreline

It should instead be moved about nine kilometres inland to the Langeberg site which was environmentally less sensitive.

The report also recommended that the structure plan for the region be revised to ensure no other heavy industry be allowed to proceed close to the lagoon

SALDANHA STEEL (189A) (...)

Fishing smack

FM 13/10/95

The landmark recommendation by the Steyn board of inquiry that the proposed Saldanha Steel plant be shifted inland to a less sensitive site represents a compromise between development and conservation — but it may mean the death of the R4,7bn project.

Saldanha Steel — reeling from the loss of Iscor's backing in the venture — has expressed no real interest in any other sites for the plant. And Iscor says there is nothing in the board's report to entice it back to the project.

The report — handed to Environmental Affairs Minister Dawie de Villiers last week — also recommends that environmental impact assessments be compulsory for all large-scale development proposals in future It finds the present situation where developers may choose whether or not to undertake assessments "undesirable."

It also suggests the creation of a permanent representative tribunal to oversee large-scale developments. Ad hoc inquiries, of the kind undertaken by the board, should not become standard practice.

The board says the pendulum has swung too far in the direction of creating public forums "with their inherent capacity for delay and opportunity for grandstanding by those with parochial agendas" Care should be taken not to create bureaucratic procedures that shackle the entrepreneurial spirit of developers and cause undue delays that discourage development.

The detailed report represents the start of a balanced, more transparent and environmentally sound approach to large-scale development. De Villiers regards it as a "benchmark case" and says it is the first time in SA's history that the environment has been given due weight in the consideration of a major industrial development

He says the "balanced" report contains many important guidelines and nothing that he finds unacceptable on a first reading Board chairman Judge Jan Steyn says the recommendation that the plant be shifted further inland "was required in the public interest to ensure optimal reconciliation of developmental and environmental interests We are obliged to exercise a value judgment which requires an assessment of two potentially competitive public interests. The first is the precious treasure of a clean environment, the other is development, job creation and economic growth."

While unanimous that the project should go ahead, the board found that the environmental risks could be reduced by moving the project inland "without significantly jeopardising the economic viability or without undue delay of the project" It would also be better for Saldanha's tourism and mariculture industries if the plant was sited further away from the coastline.

Saldanha Steel CE Bernard Smith concedes that the suggested 7,65 km move to the Langeberg site will reduce the rate of shareholders' return by no more than 1%. But he disputes the board's finding that the project would still be "tolerably robust" He refuses to comment further on the report, saying he must first consult shareholders

At the start of the inquiry he told the board he would advise shareholders not to pursue the project if it could not take place on the preferred site The board and the project's main antagonists say Saldanha Steel has never given other sites serious consideration.

The report says a responsible developer would have determined the feasibility of nearby sites before adopting the intransigent attitude that "if we can't locate at site A we will throw our toys out of the cot and we won't play"

After an independent financial committee found the Langeberg site worthwhile, the validity of resisting the examination of another site could no longer be sustained Steyn says this was the main reason the board concluded the project should be shifted inland

The findings should be welcomed for representing the start of a more open and environmentally sound approach to large-scale development. ■

NEWS IN BRIEF

Go-ahead for Cape steel mill

ESKOM, the Eastern Cape government and the Port Elizabeth transitional local council yesterday agreed to proceed with plans to build a steel mill near Port Elizabeth. (189A)

Council CEO Kevin Wakeford said "up to five serious potential investors" were interested in developing a steel mill in the area

All necessary infrastructure to develop a steel mill could be finished within two years, but an environmental impact assessment and technical feasibility study were needed first.

BD 13/10/95

HAGGIE

Striving to recapture golden days

Profitable dominance of its wire rope in mining under renewed challenge

(189A) FM 13/10/95

Are Haggie's best days behind it? The question is often asked of a company whose core business is intact but which is fading along with the gold mining industry.

By the same token, it is only fair to observe that the group is moving smartly to reposition itself, actively addressing its productivity patterns — which leave a lot to be desired — and securing its access to new technology.

It is also apposite to comment that some of its activities are misplaced. For example, its copper-based manufacturing businesses may have seemed a good fit when they were acquired but they don't look so clever now. MD Chris Murray clearly understands this though, understated as he is, he is careful not to make any commitment. It is clear Haggie would be a willing seller under the right conditions.

Haggie was established in 1921 when Haggie, Son & Love set up a plant to make steel wire rope in SA. It is indelibly linked to the mining industry, specifically to gold mining.

Since its steel wire ropes have been used for seven decades to lift to surface the huge tonnages (about 100 Mt/year) mined in SA's gold mines and to move the men and materials involved, this relationship is almost cast in stone.

No-one likes leaving behind the foundations of what has been a highly successful business, which is why Haggie will go on being closely involved in the industry in general.

Besides, there are still good profits to be made from this area of activity. It is true that many gold mine shafts will be mothballed or even closed over the next few years and that means ropes will be transferred to continuing shafts.

Murray acknowledges this, though his counter is that other shafts will be opened — which is true but in too few numbers. But he admits the situation is serious. "It is certainly possible," he says, "that we could lose as much as 20% of our steel wire mining rope sales over time," though an interesting irony is that it may gain sales over the short term as the seven-day working week is introduced.

However, ropes don't have an indefinite life and rope replacement will eventually be restored to levels approximating the number of working shafts in operation.

Another element of difficulty is that the mining market, in decline though it is, is still big enough to attract many competitors. A steel wire rope of 2 500 m carries a sales value of around R1m, based on this, it is hardly surprising that Haggie's dominance is perpetually under challenge.

The current threat to Haggie's product is the old-fashioned lockcoil rope which works well to drops of around 1 500 m. Though SA mines are deep, the truth is that 40% of drops are less than 1 500 m and 60% are less than 2 000 m.

Lockcoil was last seen off the patch 25 years ago. Now it has reappeared. Murray says the reintroduction of lockcoil is being spearheaded by — of all companies — one of Haggie's major shareholders, Anglo. It is an event which has clearly shaken him.

Murray puts his faith in Haggie's proven position as a market leader. The company has a long history of problem-solving and gives the mines around-the-clock service. And he puts great emphasis on Haggie's willingness to replace faulty rope — since their cost is considerable, he believes this is a policy which carries weight in the market.

Haggie's market cap is now R550m and the company is tightly held according to its last annual report 35% each by Amic and Malbak, data curiously at odds with that published by McGregor Information (it suggests Malbak holds 10,3%, Gencor 25,3%, Anglo 33,5%. Next come Liberty at 5,4% and Mutual with 4,8%).

Murray . *faith in Haggie's record*

It is also true to say Haggie doesn't exactly sit well with Malbak's portfolio or with that company's publicly announced strategy.

The chances must be good that Malbak will entertain an offer to dispose of its holding, though what isn't known is the nature of an agreement involving the major shareholders. That one exists is evidenced by the chairmanship which is always decided by Malbak.

Haggie's business is divided into three discrete areas: steel wire and rope, copper-based products and engineering consumables. The company's hope lies in developing and adding value to its steel wire expertise, its original foundation. Its Achilles heel is its copper businesses.

The steel wire division is by far the largest contributor to the group's net sales — 55% this year. Over financial 1994, it was responsible for 68% of Haggie's operating profit (69% this year).

The underlying strategy is to build on hi-tech products which provide a competitive edge internationally. Murray has long identified tyre and rope products as the areas to focus on.

He makes it plain that the group's positioning for the future is in the area of steel cord. It is given barely a paragraph in the 1994 MD's statement but that's not the way he portrays it in a one-on-one conversation during which it becomes obvious this is where he considers the future lies.

Until recently, making steel cord in SA wasn't feasible because the market was too small and the capital investment too high. "Volumes have increased," says Steel Cord MD Brian Nelson. "More important, in the late Eighties there was a shift in the European market; several small plants closed and we were able to acquire the most modern equipment at a third of the capex otherwise needed."

This led Haggie into the construction of an R82m factory to supply steel reinforcing to the rubber industry. The project is being undertaken as a joint technology agreement with Italian firm G C R Riva.

And the project underlines the benefits of adding value downstream. In this case, the key lies in drawing steel cord ever thinner and that improves operating margins. If Murray has any concern about the project it is that the steel which is used in the process has to be imported from Japan.

A problem is that the local tyre industry is understandably cautious about accepting the product. Murray says a lengthy testing procedure is in process — it involves testing the product to destruction over about 18 months.

The next issue to be resolved, however, is the tyre industry's reluctance to commit itself to a single supplier

Behind his comments lies the tyre manufacturers' unwillingness to be beholden to a single source, though this constraint will be overcome by the progressive removal of tariff barriers

There is some evidence that steel cord for use in steel-belted radial tyres is in short supply and the international market is growing rapidly In the US, for example, the switch to tyres of this kind isn't accompanied by a corresponding lift in production capability

Haggie's new plant will also make other product beaded wires, hose armoury wires, conveyor belting wires — all will be capable of manufacture locally

The two remaining operations in this area are Consolidated Wire Industries (CWI) and McKinnon Chain Together, they contribute barely a third of the steel wire and rope division's net sales

CWI has been something of a disappointment but is now showing a return to profitability It manufactures a wide range of mild steel products — chicken wire, welding rods, keys for tin cans And it exports large volumes of galvanised, rust-resistant products

CWI's principal competitor is Cape Gate, with which it competes head on and Murray agrees that competition in this area is "strong"

McKinnon Chain, which turns in satisfactory results produces chains to secure piping in mining operations and high-tensile steel chains applied throughout the forestry and fishing industries Murray says McKinnon can export large quantities of its chain successfully, especially for use by offshore oil fields

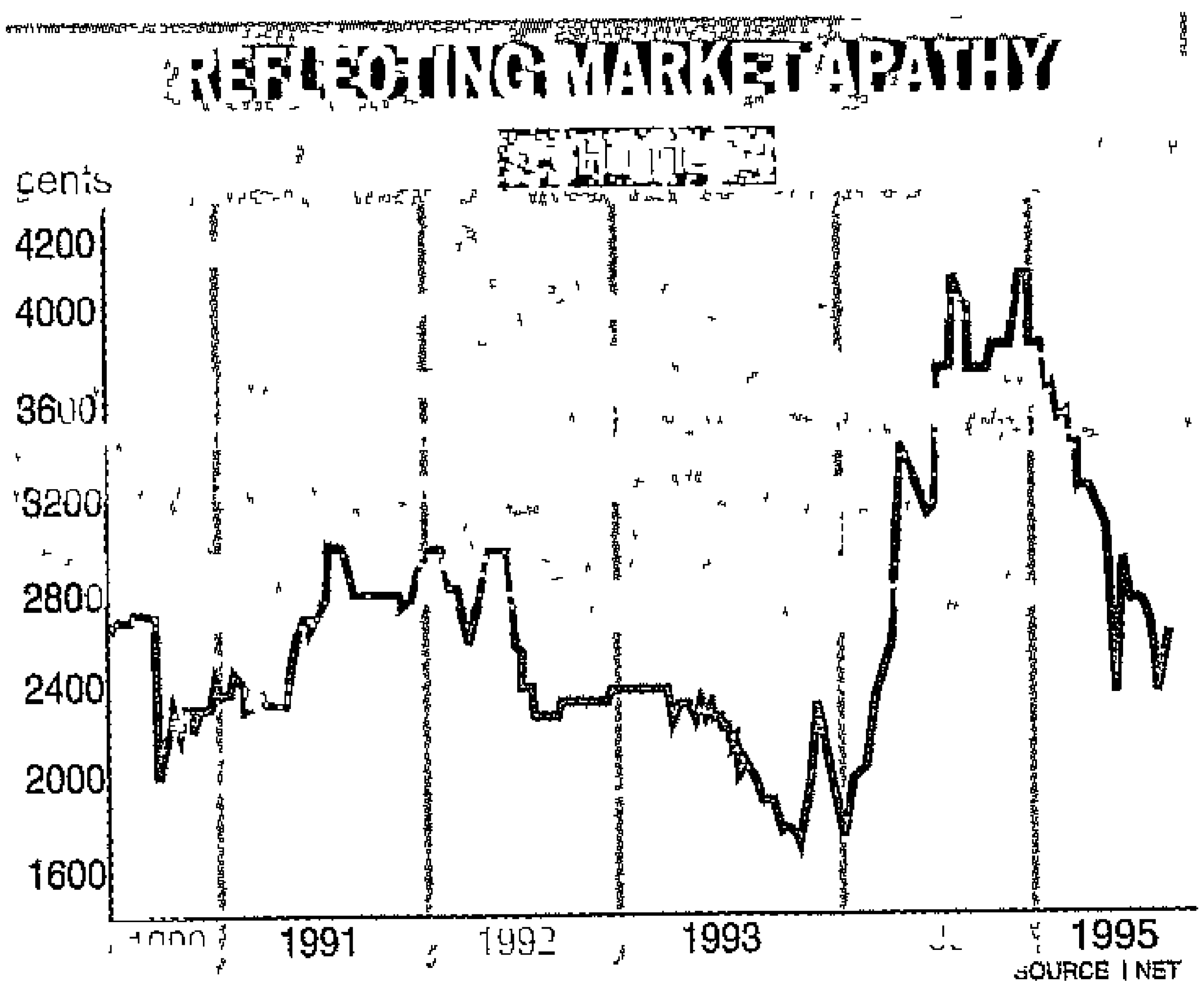
Haggie's interests in copper-based products are held through Copalcor, Maksal tubes, Chicks Scrap Metals and Waste Services It is an extraordinary collection of names which underline some essential dichotomies

Turning copper to account as an end-product isn't the easiest of businesses and Haggie has run into some stiff problems First, the rebate on scrap copper of 15% was removed (and since scrap comprises 90% of Copalcor's raw materials, it is important) Second, an attempt to merge with Non Ferrous Metals was headed off by the Competition Board on the grounds it might create a monopoly

Haggie's longer view is that its copper products can play an important role in the RDP housing programme Much is made of the fact that each new house will (or should) consume about 9 kg of copper products But the programme is something of a chimera and competition to supply it when it gets rolling will be fierce

Murray claims he isn t worried about this side of Haggie's operations but that is what you would expect him to say Market analysts say it is common knowledge Haggie wants to dispose of these interests "The trouble is," says a cynical observer, "that potential buyers aren't exactly falling over themselves to sign a cheque"

This ignores one aspect of Haggie's long-term development plan Earlier this year, it bought the Belgian rope maker and distribution company Le Lis The high levels of Le Lis's technology fit well with Haggie's natural and synthetic fibre rope maker in Durban (Jacobs) where it makes ropes from natural fibres such as sisal, hemp and manila as well as synthetics



More important, Le Lis's plant at Hamme in Belgium (near Antwerp) has developed technology enabling it to become a significant competitor in the international market for single-point mooring systems

The primary application for these is in offshore oil fields, among others, and Murray counts on its development to provide Haggie with what could turn out to be an important new direction

Le Lis is also Belgium s largest steel wire rope distributor and already has access to product from Haggie's SA plants, adding to Haggie's export drive

One Haggie ton of finished steel product in every three is now being sold overseas Buoyant world trade is clearly playing a vital role

Finally, there is Haggie's engineering consumables division which largely comprises Somta Tools, Somta Saws and Fascor Unlike the copper-based businesses, the division contributes a modest 8% to turnover but provides 11% of operating profit About half of the product is exported and there is a broad range of high value-added products sold to 56 countries

An area of potential disquiet is in a company called Neill Tools wholly owned by Haggie since 1992

A six-year restraint of trade agreement which still has another three years to run, is coming under challenge and may become an irritation

The accounts for financial 1994 reflected an improvement in margins from 4,6% in 1993 to 7,6% On turnover of R1,38bn, that 3% improvement added R41m to operating income

The 1995 interims revealed a 27% increase in turnover and a similar improvement in operating income The margin is now, therefore, at 7,9%, a small increase but important for all that

The balance sheet reflects Haggie's parentage Borrowings, which were a problem, have been tamed through capitalisation issues and gearing is down to 30% — from 37% a year ago Even so, borrowings of R200m on shareholders funds of R555m are high enough to raise eyebrows

Haggie's problem is that it doesn't stand up well to comparison with the other majors in this sector such as Hudaco and Dorbyl

Hudaco turns in steady EPS growth of better than 20% even Dorbyl, some of its problems with nonperforming assets now behind it is delivering good returns

Haggie s expected 10% rise in EPS for 1995 simply doesn't look good in this light

"It isn't a counter to which we pay much attention these days," says a leading broker dismissively "I am also concerned about the quality of Haggie's labour relations, which seem somewhat fragile The company says differently, of course but it remains a worry"

Built on a mining industry which has seen better days, the conundrum for Haggie's managers is how to slip the Gordian knot without damaging the company irremediably

Finding a new strategy which is workable and makes use of a long-established pool of expertise and knowledge is the kind of problem common to many mature companies, not all of which get through the transition successfully

So are the golden days gone? The answer is yes, they probably have The caveat is that investors will be right to expect decent — if not rich — pickings from the widening field of endeavour which is opening up Murray's job is to persuade the market he will deliver just that *David Gleason*

ISCOR

Extending the growth cycle

(189A) FM 13/10/95

Activities: *Produces and markets iron and steel products, associated raw materials and by-products to the local and international markets*
Chairman: *M de Waal MD H Smith*
Capital structure: *2,28bn ords Market capitalisation R9bn*
Share market: *Price 393c Yields 1,0% on dividend, 9,1% on earnings, p e ratio, 10,2, cover, 2,3 12-month high, 490c, low, 380c Trading volume last quarter, 100m shares*

Year to June 30	'92	*'93	'94	'95
ST debt (Rm)	652	551	706	320
LT debt (Rbn)	1,70	1,84	1,21	0,96
Debt equity ratio	0 28	0,33	0,31	n/a
Shareholders' interest	0,63	0,62	0,51	0,59
Int & leasing cover	1,91	2,02	3,0	7,9
Return on cap (%)	6,6	5,7	9,7	9,5
Turnover (Rbn)	8,62	9,04	9,57	11,16
Pre-int profit (Rm)	748	644	800	1 172
Pre-int margin (%)	8,7	6,5	8,4	10,5
Earnings (c)	18,0	15,1	19,9	38,5
Dividends (c)	6,0	5,0	8,3	16,5
Tangible NAV (c)	355	340	278	320

* Restated

Impressive financial results for the year to end-March — earnings doubled and liquidity improved greatly — has been followed by a weakening share price It is now around 390c or 22% below the record high set just over a year ago

Like most shares in its sector, Iscor has been drifting lower for some time, reflecting market concerns that the current cycle in the international commodities market may be near its peak In Iscor's case, this negative sentiment was worsened by the group's abrupt retreat from the vaunted Saldanha semis plant at the end of last month

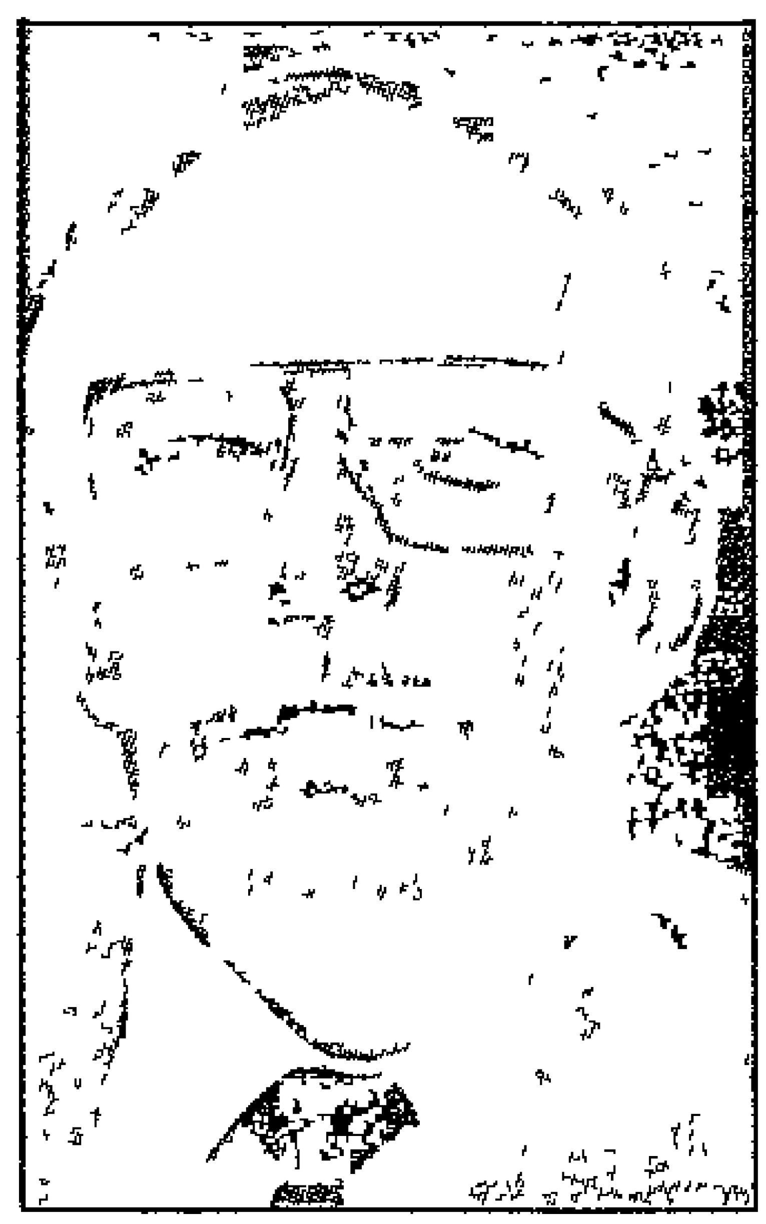
Comments about Saldanha in the annual report make interesting reading in view of the decision to withdraw from the project on what were stated as commercial grounds and announced on September 27

Chairman Marius de Waal says in his review dated August 23 "Particular creativity in production processes as well as new technology will be applied, which will not only make the plant competitive on world markets but will also result in better sales margins"

MD Hans Smith says "Employing the most advanced technology available, this mini steel mill will be one of the lowest-cost producers in the world' Referring to Iscor s contribution to the RDP, Smith says "We have reached the stage where our growth projects will make it possible for us to become a net employer, this time from a sound base Saldanha Steel is the first of these projects to be initiated"

It does leave the impression that after showing much enthusiasm for this investment, management lost confidence suddenly — perhaps after further consideration was given to earlier assumptions This was the largest of the new projects for which Iscor raised R1,3bn through a rights issue earlier this year

The questions now are how long will Iscor's growth cycle continue and how well will the company handle the downturn? The duration of the growth phase and its effect on Iscor's profitability will depend partly on local and foreign demand

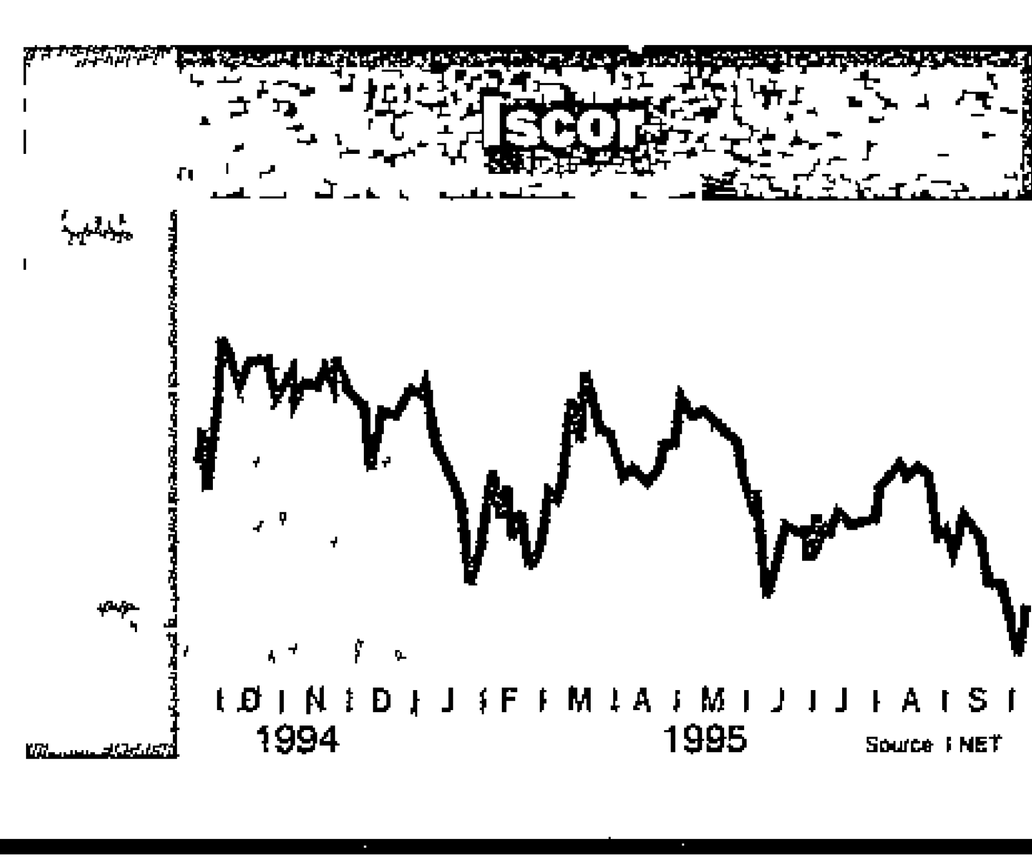


Smith

Domestic demand will be of particular importance to Iscor Steel, whose operating profit rose 97% last year to R921m Iscor Mining's operating profit increased 18% to R470m The steel side may now be seeing greater momentum in the home markets, which are more profitable than exports

Smith, who becomes executive chairman when De Waal stands down at the AGM on October 31, says international steel consumption is likely to continue growing in 1995-1996 but more moderately The steel cycle appears to have peaked in the US in mid-1995, he says, and is expected to do the same in western Europe towards the end of this calendar year But demand from south-east Asia and Japan is expected to continue increasing

However, faster economic growth in SA should boost domestic steel sales next year And there remains the prospect that RDP spending could lift demand for infrastructural products Last year the local market absorbed 58% of Iscor s steel sales, up from 44% two years ago In 1989 it was 62% Any increases in the proportion of sales going to the local market will contribute to a better group operating margin



Numerous capital projects should also help to bolster margins At the Newcastle works, the blast furnace that suffered a burn-through in the previous year is now running well, outputs and yields are being increased At the Vanderbijlpark works, a chrome line was converted to a beverage can tinplate and several other projects are planned for the next four years The Pretoria works is to start producing stainless steel in April 1996

On the mining side, Smith notes that the iron ore business — which in 1995 set an export record of 18,6 Mt — is "particularly well placed for further growth " Potential new ventures, including extensions at Sishen and a possible iron ore pelletising plant, are being examined, though these would depend on the capacity of the Sishen/Saldanha railway line and harbour

Among new business prospects are the Moranbah Coal project in Queensland, Australia, for which a final feasibility study is due in early 1997, and the mineral sands venture, which could see two mines and a smelter established in SA A few weeks ago, Iscor agreed to buy a 35% stake in listed Australian mining company Ticor, in a R370m deal (*Fox* September 15) Ticor s interests include an integrated titanium dioxide business and the investment will enable Iscor to gain technical and marketing knowledge of this industry

Iscor has enough new projects on hand to ensure its growth continues for some time Some analysts believe it will be three years before its earnings level out more than could be said for most steel-related companies At June 30, the balance sheet held net cash of R597m and, with no huge investments such as Saldanha now in sight, liquidity should continue rising That would only strengthen the group s ability to handle the downswing

If EPS merely rise by 25%-30% in 1996, which is below some forecasts the prospective p e is between 7-8 On fundamentals, the share is probably worth a buy, but, with the market in its present mood, purchases may require a long-term view *Andrew McNulty*

W Cape tries to keep steel mill

(189A) CT 13/10/95

CHRIS BATEMAN

CT 13/10/95

THE Western Cape cabinet moved swiftly yesterday to try to retain Saldanha Steel's proposed R4,7-billion mill, inviting the Industrial Development Corporation to probe the "softening" of the project and to report by month's end

The cabinet also urged national Environment Minister Dr Dawie de Villiers to speedily announce his intentions on the Steyn Commission report — which recommended a site further away from Saldanha Bay — so it could take a rezoning decision by the end of next month

Saldanha Steel's application to rezone, from agricultural to industrial use, the site closest to the shore, is still on the desk of regional Agriculture, Planning and Tourism Minister, Mr Lampie Fick

Yesterday Mr Fick said environmentalists whose court action and lobbying led to two probes and his inability to take a rezoning decision to his cabinet, would have to accept that people's "right to develop is no less than their right to a healthy environment"

Joblessness and poverty remained two of the biggest threats to a balanced environment

"Within the powers of Planning and Land Usage legislation, all stumbling blocks will be removed to ensure an investor-friendly climate in the province," Mr Fick said

Judge Jan Steyn's probe urged that the Saldanha/Vredenburg structure plan be revised quickly to rule out the chance of heavy industrial development close to the Saldanha Bay shore

"It makes little sense to us to require the steel mill to move further inland but to leave open the possibility of some other industry with pollution potential coming into being close to the shoreline waters," he said

Fight to keep steel plant in W Cape

(189A) (1995)

Political Correspondent and Sapa ARG 13/10/95

THE Western Cape cabinet will do everything it can to ensure the controversial Saldanha Steel project stays in the province

Regional Minister of Agriculture, Planning and Tourism Lampie Fick said the present status of the project had led to a "drastic decline" in business confidence in the area, and this was a source of "serious concern".

In Port Elizabeth yesterday, Eskom, the transitional local council and the Eastern Cape government agreed to proceed with plans to build a steel mill near the city

In statement after the first Western Cape cabinet meeting after the release of the Steyn Commission report on the project, Mr Fick disclosed he had been engaged in urgent discussions with Saldanha Steel and Iscor "in an attempt to ensure the continuation of the project".

He and the Western Cape government "will do everything in our power to ensure the development stays in the Western Cape"

Mr Fick said he had asked Saldanha Steel, in the light of the Steyn Commission's findings, "to supply me with their view on possible softening of the impact, and/or possible alterations to the project"

In the Eastern Cape yesterday, regional Economic Affairs Minister Smuts Ngonyama, Finance Minister Shepherd Mayatula and Public Works Minister Thobile Mhlahlo met representatives of the Port Elizabeth council, Eskom, Spoornet, Portnet and the Port Elizabeth Regional Chamber of Commerce and Industry

Council chief executive Kevin Wakeford said the meeting followed approaches from "up to five serious potential investors" interested in developing a steel mill in Port Elizabeth

Saldanha ruling a headache for greens

ST(M) 15/10/95 (189A)

By CHARL DE VILLIERS

IT will be pointless to make environmental impact assessments compulsory unless state departments gain the staff and expertise to process them, senior government officials have warned

These studies could become compulsory by mid-1996, but inadequate staffing at national and provincial levels could impede their enforcement, the director-general of Environment Affairs, Dr Colin Cameron, said this week

"We might have great legislation in place, but without the ability to implement it — that's very disconcerting "

The director of the Industrial Environmental Forum, Jonathan Hobbs, says an "ineffective and ad hoc situation" is undermining business competence.

"The lack of government capacity to administer .. systems and review environmental impact reports is a (source) of considerable concern "

Dr David Fig, of the Group for Environmental Monitoring, says the Reconstruction and Development Programme office also does not have the capacity to review the impact studies that must accompany RDP business plans.

He and other specialists were commenting on the Steyn Board of Investigation's recommendation that environmental impact assessments (EIAs) be compulsory for major projects

Mr Hobbs says the lack of uniformity in approach to impact studies is impeding progress towards developmental and environmental goals

Business favoured mandatory EIAs but believed these should provide a framework to encourage innovative environmental solutions

"EIAs are a decision-making tool — no more, no less," Mr Hobbs says

The Saldanha inquiry also recommended that the Department of Environment Affairs' integrated environmental management (IEM) guidelines be applied to planning proposals

"Mr Justice Steyn has endorsed what we know must be done, but we're not going to get there overnight," said Dr Cameron

Draft EIA regulations were gazetted for comment last year They must now be redrafted to conform to constitutional directives that make the environment a provincial responsibility

INDUSTRY *Shortage in Europe is good news for South Africa*

Steelmakers can expect to forge ahead

CT(BR) 19/1/2000 (189)

JOHN FRASER

Johannesburg – Some businesses can weather the inevitable troughs in the business cycle reasonably well And then there is the steel industry

The last few years have been miserable for South African steelmakers, battered by the global recession, industrial relations problems and protectionism in Europe and the US

However, 1999 saw a turn around in steel, one of the most volatile of all industries

Demand is up around the world and, despite losses this year, local steelmakers are over the worst and are facing the prospect of a much more cheerful time in the new millennium

Highveld Steel should begin to post profits this year, and even Iscor, which has shed a hefty chunk of its labour force in a restructuring exercise, might soon start to bank some cash

Reports from Europe suggest there is a steel shortage there, so instead of knocking heedlessly on foreign doors, South African steel exporters might now hope to receive the red carpet treatment

Alec Erwin, the trade and industry minister, wants South African steelmakers to do even better, rising from a pygmy industry in world terms to a towering giant

He has repeatedly said he expected a sea-change in the global balance of production, with a shift southwards in what he calls the "grandfather" industries

Such industries, which include steel, have a comparative advantage in developing nations like South Africa, which has cheap power, competitive labour and raw materials

Erwin said it was time for the British, the Germans, the Americans and Japanese to mothball their steel plants, and allow nations like South Africa to become the new dominant producers

The last few years have been miserable for South African steel producers

Textiles and agriculture are two of the other areas where he believes a shift in production is not only economically sensible, but also worthwhile in developmental terms

Erwin's argument is that this shift south in industrial activity will help not only the developing nations, but the developed world as well He says it is only in the dynamism of the developing states that the global economy will find the new spurts of growth needed to fire up the next millennium

Such growth can only come from the south, and without it rich and poor will limp along with inadequate growth and wealth-creation

Of course, it may be easier said than done to persuade the directors of British Steel and the other large players of the world to shut up shop, sack their workers, and take early retirement Even so, as long as the trend is away from the north and towards the south, there should be some benefits for local producers

Erwin has the potential of hammering away at his message inside the World Trade Organisation, which is expected to try as soon as possible to recover from the chaos of the Seattle riots and re-launch a new trade round

Within South Africa, the big development in steelmaking in the next few months is expected to be in the announcement of some details regarding new investments from Europe, as part of the R30 billion arms for investment programme signed by the government last year The biggest new steel project will be a stainless steel facility at Coega in Port Elizabeth, which is expected to cost about R4 billion

Analysts are divided over the feasibility of this facility, with some pointing to pretty unfortunate international precedents in similar arms for investment deals – where the arms have been a lot more potent than the investments

The steel market, however is on the upturn, and a new South African steel mill might just bring much-needed new jobs and prosperity

Also in Port Elizabeth will be a new South African Breweries brewery, called EC2000, which has caused the steelmakers much misery Unconvinced by delivery promises from South African steelmakers, SAB decided to buy German when it ordered 41 beer tanks for the R750 million facility

After howls of protest from the steel industry and the unions, and assurances that it did want to source its materials locally wherever practical it then placed an order for the remaining nine tanks with a South African supplier

Whatever the rights and wrongs of the issue, it is worrying for a South African industry if one of its most important customers acts in this way

However, it is a rough world out there, and South African producers will need nerves of steel as they prepare to do battle in the next millennium

News

Workers to march on union offices

(189)

Roy Cokayne

Pretoria – Suspended National Union of Metalworkers of South Africa (Numsa) shop stewards at Volkswagen South Africa (VWSA) and 300 workers have organised a march on Numsa's Uitenhage offices for today to protest the disciplinary hearing against officials, according to Dumisa Ntuli, a spokesman for the union.

Ntuli said yesterday that the union condemned the march because it would not address the dispute between the 13 shop stewards and Numsa, which was an internal trade union issue.

He said the shop stewards and striking workers from VWSA had unsuccessfully attempted to mobilise Numsa members from other vehicle manufacturers in Uitenhage.

Members at these companies declined to protest because the dispute was an internal matter.

Ntuli added that the union had a meeting with the shop stewards yesterday in an attempt to resolve the dispute but this had been unsuccessful

Shop stewards and strikers have been unable to mobilise other members

Numsa would have a follow-up meeting with workers in Uitenhage today

Ntuli said Numsa had appealed to workers at VWSA's Uitenhage plant, who have been on strike since last Thursday, to return to work because their actions would have a disastrous long-term impact

Matt Gennrich, VWSA's general manager for communications, said the company was considering the possibility of importing Golf and Jetta units to South Africa to alleviate shortages due to strong customer demand

But Gennrich said a decision had not yet been taken in this regard

Gennrich added that two senior Volkswagen officials, from Germany, including the international human resources manager, had arrived in South Africa yesterday to evaluate the situation and to see if they could assist either of the parties in any way

ACTION NEGATIVE *Dumisa Ntuli, the spokesman for Numsa*

(189A) FM 1/9/95

ISCOR

Recovery continues

Since attributable profit bottomed at R283m in 1993, the recovery has produced some spectacular gains in each of the past two years, taking the latest figure to just over R787m Earnings doubled in the 1995 year — but perhaps the most encouraging part is that management believes the upward cycle has some way to go

It would certainly be disappointing if the group was already close to its peak Operating income of R1,17bn in 1995 has returned roughly to the levels of the top of the last cycle at the turn of the decade but profitability and return ratios remain well below their previous best

Turnover has almost doubled since the last profit peak and the group has invested huge amounts of capital since it was listed in November 1989 Taking just the past two years, it spent R567m in 1994 and R934m in 1995, the latter including R225m on rights issue projects

Plainly, much of this capital, and the additional equity raised through the R1,3bn rights issue in March, has not had enough time to generate the expected returns Some comparisons are also distorted by changes in accounting policies, particularly the move to the more conservative comprehensive method of accounting for deferred tax. These affect 1995 results and 1994 figures have been restated

There's little point attaching undue weight to the current return on equity of 12% or the similar return on capital derived from preliminary accounts But in 1990 the ROE was more than 15%, ROCE was 15,9% More interesting is that the operating margin was 19,5% in 1989 compared with 10,5% in 1995

Much of the capital spending — as well as the continuing efforts to cut costs and improve asset management — has been aimed at improving efficiencies With domestic and export demand still firm, it indicates the potential for significantly wider margins

CE Hans Smith says the restructure embarked on two years ago has included 7 500 job cuts and decentralisation of management "The productivity programme will never cease," he adds

Also improved in the latest accounts is disclosure A segmental breakdown included for the first time shows that much of the momentum at trading level is now coming from steel While operating income from mining grew 18,4% to R470m, income from steel virtually doubled to R921m

The steel division's operating margin jumped from 5,8% to almost 10% and steel division MD Kevin Robertson is looking for "a lot better in the year ahead" This would flow from productivity, better pricing and expected further improvements in the local market which would result in a more profitable sales mix

Management feels the local steel cycle will peak only in the 1996-1997 year, at about 4,75 Mt Iscor was unable to take full advantage last year of the "attractive" prices available in the export market because of burn-through of the Newcastle furnace but maximum steel output should be attained this year The most important of the group's steel export markets, the Far East, is forecast to peak in the second quarter of 1997

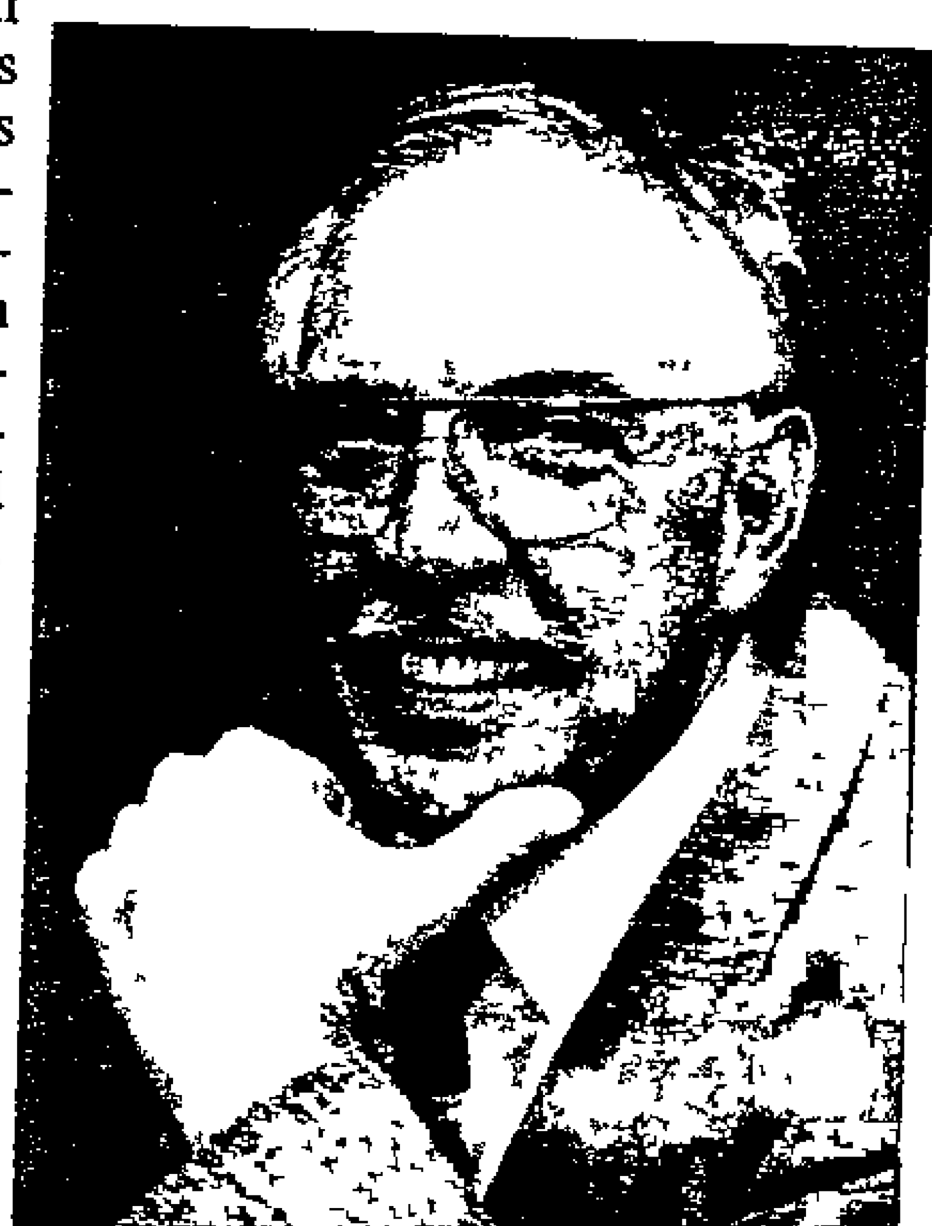
STEEL HEATS UP

Year to June 30	1994	1995
Turnover (Rbn)	9,57	11,16
Pretax profit (Rm)	540	1 023
Attributable (Rm)	391	787
Earnings (c)	19,9	38,5
Dividends (c)*	8,3	16,5

* Includes capitalisation share awards

Mining head Ben Alberts says iron ore export prices were 6,6% lower but tonnage sold was a record 18,6 Mt "The market is still strong and is going to stay strong Whatever we can produce will be sold"

Among new projects, the feasibility study for the mineral sands prospect produced "interesting" results and indicated that Iscor could open two mines, one at Richards Bay and one at Gravelotte, both supplying a central smelter and dry plant Final results should be available near the end of the year and a decision could be made soon after



Smith *the productivity programme will never cease*

For the steel division's stainless project at Pretoria, orders have been placed for main plant and equipment and start-up is expected in April 1996 Saldanha Steel is awaiting the outcome of Judge Steyn's commission, contracts are ready to be awarded

The profit turnaround has been accompanied by a transformation of Iscor's balance sheet The R2bn debt burden of two years ago has been replaced by net cash of R597m, though the cash balance of R1 88bn includes the remaining rights issue funds

For this year, Smith is looking for earnings growth "well ahead of inflation though not at the same rate as the [illegible] two years" With the p e at 11 and the price 422c — below Highveld Steel's p e of 15,6 — the market seems to be waiting for developments Uncertainty about Saldanha may be unduly affecting sentiment Considering the growth potential, the price looks conservative and may have room to appreciate

Andrew McNulty

(189A) (62)

SALDANHA BAY

Planting doubts

FM 1/9/95

Despite environmentalists' protests, observers are swinging to the view that the Steyn board of inquiry will approve Iscor's proposed Saldanha Steel plant near the internationally protected Langebaan wetlands on the Cape west coast

Legal counsel for the environmentalists argued this week that Iscor hadn't made its case refuting fears of potential hazards from the plant and that the inquiry should delay a decision or vote against the site

Others see it differently and say joint shareholders Iscor and the Industrial Development Corp (IDC) have allayed fears sufficiently for the project to be given the go-ahead One observer goes so far as to say the result is "a foregone conclusion"

Iscor is certainly confident MD Hans Smith says he believes the R4,7bn project will go ahead The company has already started recruiting staff

But Judge Jan Steyn has moved quickly to quash any talk of victory by the steel consortium He says statements by Iscor MD Hans Smith and Saldanha Steel chairman Bernard Smith should not be seen as reflecting the view of the board of inquiry "We have not even started to consider the testimony before us, nor come to any conclusions on the evidence," Steyn says

Opponents of the project hope testimony by Iscor private shareholder Ian Moultrie — that Saldanha Steel had overstated the costs of moving the plant inland by two-thirds — could influence the decision Moultrie says between May 2 and July 18, Saldanha Steel gave nine different estimates for the extra costs of moving the site. Additional capital costs varied between R60m and R132m; operating costs ranged from R42m a year to R500m over the first five years

An independent consulting engineer found that Saldanha Steel had overestimated costs of equipment and surveys, over-provided for damage and miscalculated interest charges He said extra capital costs of R39m and operating costs of R17m would be more realistic But Saldanha's Smith stands by the figures he put before the inquiry and questions the veracity of the independent costing

Meanwhile, Environmental Affairs Minister Dawie de Villiers has been asked by the board of inquiry to intervene in the impending deal to store Iranian oil at Saldanha It has asked him to exercise his powers to control oil-related activities in the region Steyn says it has become clear that oil storage and transport at Saldanha has considerable environmental significance ■

Smith *questioning veracity of independent costing* chief executive split on all the

Chromecorp plans to spend R580m

CT(BR) 5/9/95 (189A)

By Derek Tommey

Mining Editor

Chromecorp, one of South Africa's big-three ferrochrome producers, is embarking on a R580 million capital expenditure programme to meet the booming demand for ferrochrome

Announcing a 137 percent increase in its interim profit to R22,3 million in the six months to June, it reports it will spend R335 million on a new smelter at Rustenburg and start a fully fledged mining operation.

It will also spend R245 million on a chrome production facility in Pretoria to provide Iscor with liquid ferrochrome for its new stainless-steel plant

The new facilities will increase Chromecorp's ferrochrome export capacity to 440 000 tons a year from the present 280 000 tons

Chairman John Vorster says the company will be able to fund the Rustenburg expansion and other ongoing capital expenditure from its own cash flow.

The company will retain its cash resources to fund expansion and no dividend is planned for this year or next year

The R245 million needed for the Pretoria operations will be financed by a group of international banks through a medium-term syndicated bank loan.

On April 1 Chromecorp replaced its off-take agreement with the international commodity group, Glencore International, with a marketing agreement Had this been in operation for the whole six months profit would have risen 49 percent to R27,2 million.

Vorster says the results are on track for the forecast after-tax profit of R118 million for the full year

Sales revenue and operating profit in the second half of the year would be significantly higher than in the first half owing to substantial increases in ferrochrome prices, additional production from the newly completed furnace and the change in the marketing arrangements from April 1

Roy Essakow, the director of Glencore, says the substantial growth in stainless-steel sales in the Western world has created a shortage of ferrochrome with resultant significant producer price increases in the second and third quarter of this year The continued tightness had created the possibility for a further price rise in the fourth quarter.

Chromecorp profit more than doubles

(189A)

Michael Urquhart
BD 5/9/95

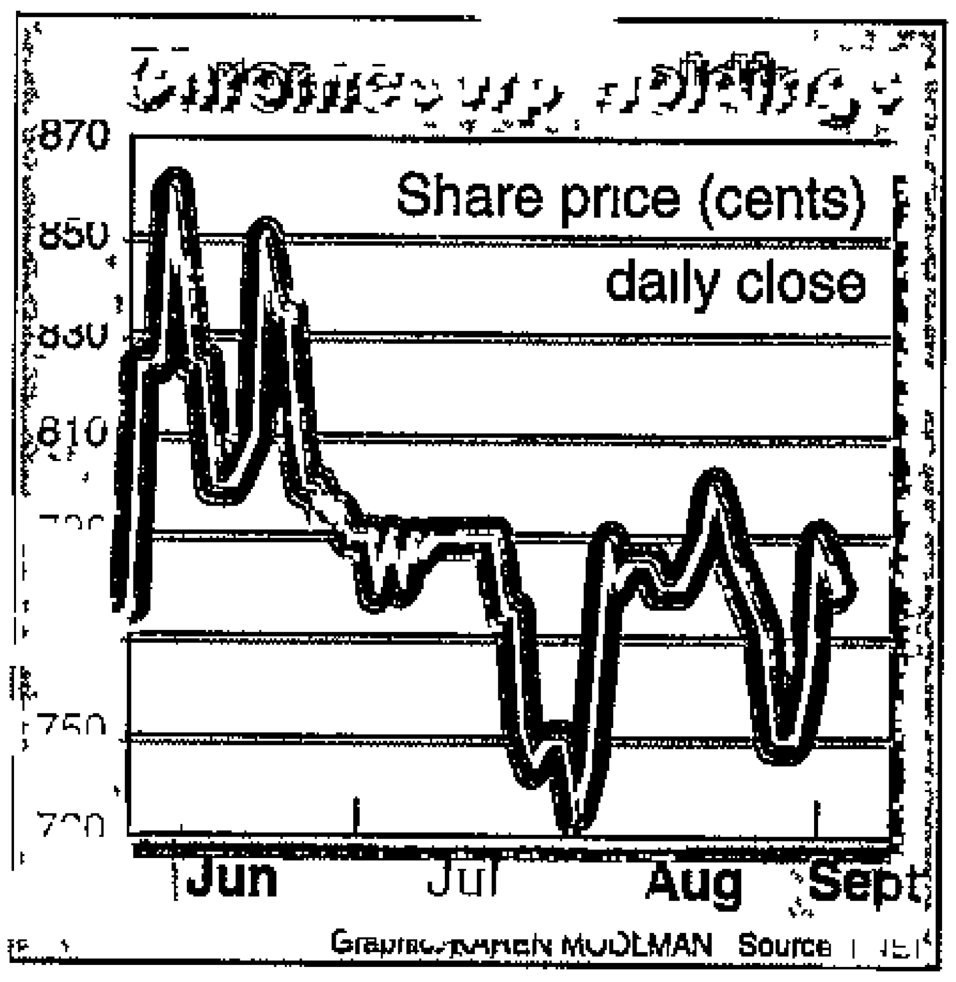
A STRONGER ferrochrome market helped Chromecorp, the Rustenburg-based ferrochrome producer which listed in May, increase taxed profit to R22,3m for the six months to June, compared with R9,4m for the same period the previous year

Turnover increased to R182,4m (R130,3m) Chromecorp chairman John Vorster said the second half would see further increases as the ferrochrome prices received would be substantially higher

The second half would also be boosted by additional production from the recently completed No 4 furnace, and the change of an off-take agreement with marketing agency Glencore to a marketing agreement in April.

He said the group was well on its way to achieving the R118m for the full year that was forecast in the prospectus

No dividend was paid, as the company was going into a period of heavy capital expenditure No dividend would be paid next year either Chromecorp aimed to have free cash flow available for shareholders by 1998



A total of R610m would be spent over the next 18 months — R335m for the new Wonderkop smelter with two furnaces, R245m for an expansion to supply Iscor's Pretoria stainless steel works and R30m for other capital expenditure

Vorster said all the expansions, with the exception of that for Iscor, would be funded from cash flow. The Iscor expansion would be funded through a medium-term

Continued on Page 2

Chromecorp

(189A)
BD 5/9/95

Continued from Page 1

loan, and a $20m facility had been secured from majority shareholder Sudelektra to bridge any timing gaps

The expansions would increase Chromecorp's production capacity from 280 000 tons a year to 610 000 tons

The company had acquired mineral rights on farms close to its Kroondaal mine The Wonderkop smelter would be built on this site Vorster said building on the site of the chrome ore reserves would give a cost advantage to the smelter as it would not have to transport ore

He said the world stainless steel market continued to be strong and the outlook was good for ferrochrome prices. Demand for ferrochrome had absorbed the capacity of producers. Chromecorp had already negotiated long-term contracts which would absorb its expanded capacity.

Saldanha oil spill raises fears for storage plan

(189A) ST(M) 10/9/95

By CHARL DE VILLIERS

FIVE thousand litres of oil have spilled into Saldanha Bay at a terminal where South Africa hopes to handle 15-million barrels of Iranian crude in a controversial R50-million annual storage deal

Most of the spill, which occurred on Friday, had been contained by booms but some slick had escaped and reached the boundaries of the West Coast National Park by early yesterday, port and parks spokesmen said.

The spill from the Hawaiian King comes just one week after the Strategic Fuel Fund announced the first steps of an environmental impact assessment which will determine if the Iranian oil pact can be activated

This probe was advised by a judge investigating Iscor's plans for a steel mill nearby and who heard evidence that Saldanha Bay's tanker traffic could be trebled to 75 vessels a year if the oil deal came off.

Some critics have sketched an ecological nightmare if a major slick were to reach the internationally-rated Langebaan Lagoon wildlife haven.

However, in this instance standard safety precautions had averted a crisis, Saldanha Bay port captain Dave Duncan said yesterday.

"The ship was already surrounded by booms when the leak happened about 1.45pm on Friday, and more booms were brought in and put around those already in place," he said

Extra personnel had been brought in to help with the clean-up [illegible] which had [illegible] open water had been treated with a chemical dispersant.

The oil had spilled from the ship which was taking on Arabian light crude from the Strategic Fuel Fund's vast tank farm, Capt Duncan said

The ship had already been fined R50 000 by the Department of Transport.

West Coast National Park chief warden Otto von Kaschke said some of the treated slick had reached his park's marine boundary at the mouth of the Langebaan Lagoon about 6km from the oil terminal early yesterday.

Oil had also been reported on beaches between Langebaan and Club Mykonos.

"It's not a disaster, but spills like this are always worrying," he said from the park which surrounds the Langebaan Lagoon, a destination for 70 000 migratory waders each year

The lagoon is rated as a wetland of international importance under the Ramsar convention.

Macsteel and Iscor face the brunt of new line on cartels

ST(BT) 10/9/95 (189A)

By SVEN LUNSCHE

THE Competition Board this week underscored the government's toughening attitude towards cartels by launching a formal investigation into the joint export venture between Iscor and Macsteel

The deal, which had earlier won the board's provisional approval, was revisited after representations by steel exporter MacDonald International, which fears closure if Macsteel gets exclusive rights to R4-billion of Iscor steel exports a year

The formal investigation coincides with the release of the first draft of the Promotion and Maintenance of Competition Bill by Trade and Industry Minister Trevor Manuel

Sources say the Bill will include provisions for tougher monetary penalties where competition rules are contravened and strong judicial powers for a restructured board

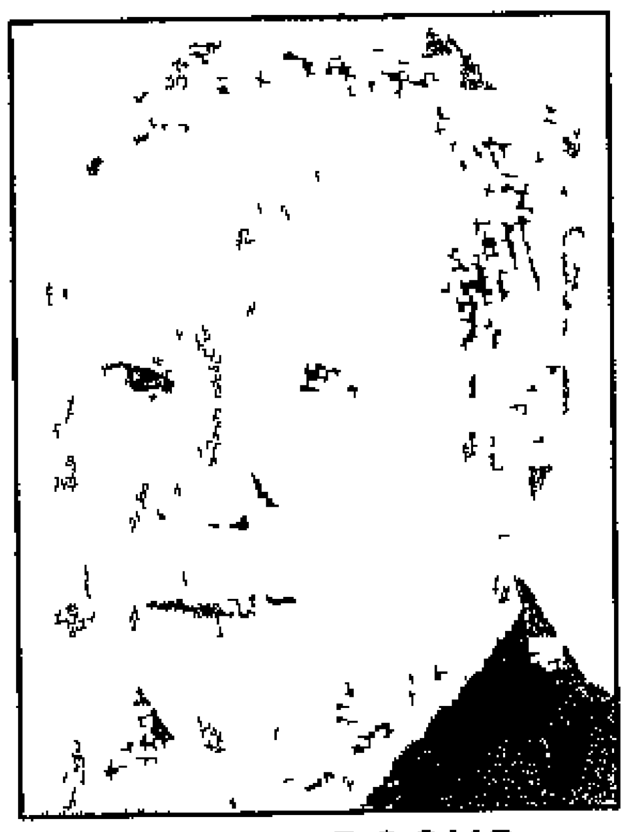
The Bill will also tackle some aspects of "conglomeration", but it is unlikely that strong anti-trust policies will be part of the legislation Mr Manuel this week hit out at "the elephants of big business", warning them to release their stranglehold on the economy

Pierre Brooks, chairman of the Competition Board and one of the Bill's authors, says the board's approach to competition policy has not changed, but "the government is certainly paying a lot more attention to it than before"

He adds that the new Bill will bring SA policies in line with international norms by "strengthening enforcement procedures and bringing in tougher and simpler penalties"

Some of measures said to be part of the Bill are

- Changing the Competition Board into an independent Competition Tribunal with responsibilities for investigating and enforcing anti-competition policies
- A flat-rate R10-million fine with further daily fines to follow for failure to comply with the Tribunal's findings
- Companies and individuals may be able to claim up to three times their losses in compensation if business is hurt by a breach of competition rules



PIERRE BOOKS

Dr Brooks says the board is conducting two formal hearings — one into the Macsteel-Iscor venture and one into the paper industry — and is considering holding an investigation into the restructuring of Hunt Leuchars & Hepburn's timber interests

Dr Brooks says formal hearings are held whenever complaints are submitted to the board

Durban-based steel exporter MacDonald International Trading says in its submission the deal will prevent it from competing for Iscor's exports, which is its only business

Prior to the joint venture, MacDonald and other exporters were enjoying an increasing share of Iscor business owing to competitive price levels

MacDonald says the joint venture cements the alliance between Iscor and Macsteel's stockholding companies, which buy up to 75% of Iscor's total output The deal will therefore also lead to higher domestic steel prices, MacDonald alleges

Steven Levitt, Macsteel's deputy chairman, is optimistic the export venture will be approved, arguing that the deal "has nothing to do with our domestic business and thus cannot affect domestic prices"

He says other steel producers moved their business away from Macsteel after news of the deal

Saldanha oil spill threatens lagoon

CT 11/9/96 ..(189A) (483) (56)

MELANIE GOSLING

OIL TRAP: Port Captain Dave Duncan stands on the oil quay at Saldanha Bay where booms have prevented most of the five-ton spill from the Hawaiian King tanker from spreading. Small amounts have escaped and have been deposited along the shores of the West Coast National Park. Harbour staff were still mopping up the light crude oil late yesterday PICTURE: CLIVE SMITH

OIL from the estimated five-ton spill at the Saldanha Bay terminal has penetrated the sensitive southern end of Langebaan Lagoon and been deposited in patches along the shores of the West Coast National Park — raising fears that a slick in the bay cannot be contained

Environmentalists have called on Mineral and Energy Affairs Minister Mr Pik Botha to halt the proposed deal to store Iranian oil at Saldanha and have said this weekend's slick is proof of the real risk of an environmental disaster

Portnet and Strategic Fuel Fund staff were still working late yesterday to break up oil "pencils" — thin surface films — which escaped from the booms that contained most of the light crude oil around the tanker and oil quay

Clean-up costs

Port Captain Dave Duncan said estimates put the cost of the clean-up operation at R3,5-million

Tugs, rubber ducks, oil recovery craft and the Kuswag 7 aircraft are helping to mop up the spill By late yesterday, they had recovered about 20 tons of oil-and-water mix, Capt Duncan said It appeared as if more than five tons of oil had been spilled, he added

"A pipe on board the Hawaiian King burst inside the ship and the oil leaked into her ballast, which was pumped into the sea," he said.

"Fortunately, the oil fence booms were already around the ship If they had not been, we would have had a very serious situation to deal with. Even so, small amounts escaped.

"Trying to contain oil is like trying to contain quicksilver."

The warden of the West Coast National Park, Mr Otto von Kaschke, said yesterday "This was a small spill, yet oil came up on beaches way beyond the point of the spill

"It was only a thin film, but it proved what the Parks Board had been saying all along — that what happens in Saldanha Bay will have an effect on Langebaan Lagoon People have been trying to say the bay and the lagoon are separate, which this spill has shown is clearly not true "

Dr Allan Heydorn, specialist consultant for the World Wide Fund for Nature, said the spill had made it was "quite obvious" that no matter how sophisticated the oil recovery equipment, it would be inadequate to contain an oil spill in Saldanha

"In an ecologically sensitive area which is subjected to powerful natural processes like storms, it is only a matter of time before we have a catastrophe," he said.

Fined

Earthlife Africa spokesperson Ms Liz McDaid said yesterday "The Iranian oil storage deal at Saldanha is just not worth the environmental risk Technology can't undo the damage once it's done. We call on Mr Botha to halt the Iranian deal."

Portnet's port manager, Mr Danie Barnado, said the owners of the Hawaiian King would be responsible for the cost of the clean-up. The ship has already been fined R50 000 by the Department of Transport.

The chairman of the board of inquiry into the proposed Saldanha Steel factory, Mr Justice Jan Steyn, highlighted environmentalists' concerns about the Iranian oil last month. He called on the Minister of Environment, Dr Dawie de Villiers, not to take "any irreversible decision" about the Iranian oil deal until the environmental risk assessment on the proposal had been completed.

● The Hawaiian King rescued 900 passengers in December last year after they had abandoned the burning Achille Lauro.

Iscor to acquire interest in listed Australian company

CT (BR) 12/9/95 (189A)

By Roy Cokayne

Pretoria Business Editor

Iscor is to acquire a 35 percent interest in Ticor, a listed Australian company, for R370 million

The deal is subject to certain conditions but an Iscor spokesman said this was merely a legal formality and was related to the fact that the agreement was only scheduled to be signed in Australia last night

Ben Alberts, the managing director of Iscor Mining, said the proposed acquisition had been approved by the Reserve Bank and would be funded by a syndicated offshore loan and a possible private placing of Iscor shares

He said the due diligence investigation showed the investment yield in real terms fell well within Iscor's investment norms

The deal will make Iscor the largest shareholder in Ticor with National Mutual, one of Australia's largest insurance institutions, holding about 28 percent Iscor will have the right to nominate three directors out of a total of nine

Ticor has interests in an integrated titanium dioxide business, two coal mines and a cyanide manufacturing plant

Alberts said the investment fitted in perfectly with Iscor Mining's strategic plan to enter the heavy minerals market It follows Iscor's acquisition last year of mineral sand reserves, predominantly ilmenite, in KwaZulu Natal and Eastern Cape from Shell SA and Rhoex

"It will also provide Iscor with access to the Australian coal market, which will assist us in addressing our coking coal needs in the longer term," he said

Interests

Ticor's investments include

☐ A 50 percent interest in the Tiwest Joint Venture (titanium dioxide business) with Kerr-McGee of the United States the other partner,

☐ A 20 percent interest in Warkworth Coal, which produces 3,3-million tons a year of which 1,8-million tons are coking coal,

☐ A 26,06 percent interest in the German Creek coal mine, which produces 5,5 million tons of coking coal a year, and

☐ A 100 percent interest in the Gladstone cyanide plant

"Ticor's investment in Warkworth Coal and German Creek will create opportunities for Iscor Mining to get to know and build up contacts in the Australian coal industry," Alberts said

"German Creek is close to Iscor's prospecting area near Moranbah in Queensland We have already had encouraging results from tests on German Creek's coking coal and this is important in view of our longer term coking coal needs and our prospecting interest there

"This investment will enable us to gain knowledge of all facets of the heavy minerals industry before our own project comes on stream, both on the technical and marketing sides"

☐ Iscor is to get a new corporate identity and the Afrikaans version of the company's name, Yskor, is to be scrapped The company will in future be known only as Iscor

In the latest edition of Iscor's newsletter, Neels Howatt, the general manager of human resources and public relations, said the company Pentagraph had been contracted to design a monolithic identity structure for the company

Iscor strikes Australian deal

BD 12/9/95 (1897)

ISCOR announced yesterday it intended acquiring a 35% interest in Ticor Ltd, a listed Australian company with interests in an integrated titanium dioxide business, two coal mines and a cyanide manufacturing plant

Iscor said the deal would be financed through a syndicated offshore loan and a possible private placing of Iscor shares The deal had been approved by the Reserve Bank

Iscor Mining MD Ben Alberts said the investment of about R370m fitted in "perfectly" with Iscor Mining's strategic plan to enter the heavy materials market It followed the acquisition last year of mineral sand reserves, largely limonite, in KwaZulu-Natal and the Eastern Cape from Shell SA and Rhoex "It will provide Iscor access to the Australian coal market which will assist us in addressing our coking coal needs in the longer term"

Ticor is an investment company with a 50% interest in the Tiwest Joint Venture (titanium dioxide business), a 20% interest in Warkworth Coal, a 26,06% interest in the German Creek

Continued on Page 2

Iscor

(1897) BD 12/9/95

Continued from Page 1

coal mine and a 100% interest in the Gladstone cyanide plant Warkworth Coal produces 3,3-million tons a year of which 1,8-million tons are coking coal, while German Creek produces 5,5-million tons of coking coal a year

"Ticor's investment in Warkworth Coal and German Creek will create opportunities for Iscor Mining to get to know and build up contacts in the Australian coal industry German Creek is close to Iscor's prospecting area near Moranbah in Queensland We have already had encouraging results from tests on German Creek's coking coal and this is important in view of our longer-term coking coal needs and our prospecting interest in that area," Alberts said

Analysts say Australia has become a major focus for SA coal mining companies' expansion plans because of the easier access Australia has to lucrative Southeast Asian markets

Should the transaction be implemented, Iscor would be the largest shareholder in Ticor with National Mutual, one of Australia's largest insurance institutions, holding about 28% Iscor would have the right to nominate three directors out of a total of nine —Sapa, AP-DJ

Iscor, NUM come to terms

(189A)

THE NUM announced yesterday it had reached an agreement with Iscor Mining over wages and working conditions backdated to July 1

The NUM said the agreement — which covered more than 7 000 workers — included an increase of 11% across the board and basic salaries and 12% for domestic employees, cleaners and cooks

The housing allowance had been increased 11%, with a guaranteed minimum of R30 BD 12/9/95

It was also agreed that tariffs for accommodation and food would be frozen until the end of the year

Workers with more than two years' employment or who were almost at the maximum of their grades would receive a 2% service increment, and others would get a pro rata service income

Mineworkers at Hlobane and Durnacoal would now receive increases to bring the minimum grade in line with that of other mines

Negotiator Steve Ratlou said the union had reached agreement on setting up work groups on important issues like job grading in the entire organisation and also on broadbanding, subcontracting and the development of a social plan in case of retrenchment

"These groups have to report back on their progress by the end of December and we expect them to show that there has been some real progress in addressing the concerns of mineworkers" — Sapa

Hansard

Diamond and Gold Related	71
Stock-theft and theft of game	26
Truck and freight related	20
Firearm related	10
Murder and robbery	5
Housebreaking	4
Unrest and violence related	3
Aluminium related	2
Falsification/forgery	1
Counterfeit money	1
Stolen goods related	1
Theft (Cellular phones)	1
Chinese Triads related (Mostly products of Endangered Species)	1
Organised crime (general)	1
Trade in Endangered Species and Endangered Species products	1
TOTAL	481

(c) (i) 481

(ii) None

(d) (i) (aa) 34

(bb) 48

(ii) 11—since January 1995 to 30 June 1995

(e) It is unfortun not possible to answer this question, as it would require extensive manpower and other resources to look into each individual case

(2) No

Level of pollution caused by certain steel plant: complaints

237 Sen Dr G W KOORNHOF asked the Minister of Environmental Affairs and Tourism

(1) Whether his Department has received any complaints about the level of pollution caused by a certain steel plant, the name of which has been furnished to his Department for the purpose of his reply, if so, what steps has his Department taken in this regard, if not,

(2) whether he or his Department will consider instituting an investigation in this regard, if not, why not, if so, what are the relevant details?

S470E

The MINISTER OF ENVIRONMENTAL AFFAIR AND TOURISM

(1899)

(1) Complaints have indeed been received from a company called Dorbyl Glenvalve about excessive dust polution, emanating from Iscor's Dunswart direct-reduction plant situated in Benoni

(2) The complaint has already been investigated and indications are that during periods of strong winds quite an amount of dust from Iscor is blown towards the complainant This dust originates mainly from the plant surface

Since the, part of the plant has been paved and the rest is being treated with a chemical adhesive in order to combat the problem as far as possible

The plant is also continually making improvements to combat air pollution from the plant

The Department is going to install monitoring equipment at the plant so as to determine air pollution levels on a continuous basis

Statistics for fish caught by SA fishing industry

238 Sen M G E WILEY asked the Minister of Environmental Affairs and Tourism

Whether he will furnish the annual statistics for each year from 1960 up to the latest specified year for which information is available, in respect of each species of fish caught by the South African fishing industry, expressed in terms of (a) scientifically estimated biomass, (b) total allowable catch (TAC), (c) percentage of the TAC caught within the identified season, (d)(i) dates when and (ii) places where fishing seasons were extended, (e) what pecentage of the catch was juvenile and (f) what tonnage of bycatch was caught, if not, why not, if so, what are the relevant statistics?

Kershiner S471E

The MINISTER OF ENVIRONMENTAL AFFAIRS AND TOURISM

Please note that data are only given for species which are either subject, or have been subject, to a Total Allowable Catch (TAC)

Other fished species are considered to be

Hansard 15/9/95

species falling outside the scope of the question and data on these species are available on request

(*See also* Annexure No 609)

Allegations against Department: action taken

242 Sen M G E WILEY asked the Minister of Correctional Services

Whether, in view of his allegations in the House on 5 September 1995 with the purport that his Department was dead, needed restructuring and had racist elements, he has instituted proceedings against any member of his Department on the grounds of (a) racism, (b) dereliction of duty, (c) obstruction of justice, (d) maladministration, (e) corruption, (f) sabotage and/or (g) assault, if not, why not, if so, what are the relevant details?

S475E

The MINISTER OF CORRECTIONAL SERVICES

Noma isiphi isinywthelo esiyothathwa siyokwesekelwa i "Interim Constitution" ne "Bill of Rights"

Translated version Whatever step that will be taken, will be based on the Interim Constitution and the Bill of Rights

FORUM

Shareholder challenges Iscor over smelter

CT (MR) 15/9/95 (189A)

BY BRUCE CAMERON
POLITICAL EDITOR

Should shareholders be prepared to forego some profit to preserve the environment? One of Iscor's biggest individual shareholders, Ian Moultrie, believes they should

And in his commitment to environmental issues, he is taking on the steel company over its plans to construct a smelter near the shores of the Langebaan lagoon on the Cape west coast

He along with many others wants the plant moved 15km away to a less environmentally sensitive site and has argued it be moved even further back 870km away to Sishen

Iscor's conflicting statements, threats and apparent lack of environmental concern has seen him dedicating most of his time to analysing the position He submitted a comprehensive 70-page report on the financial implications of various possible sites for the proposed smelter to the Steyn commission of inquiry into the siting of the Saldanha Steel project

Key to his report is his finding that Iscor's costings to move the plant from an environmentally sensitive area 2km away from the wharfside to another site 18km further away, are overstated

The figure he comes up with is R17 million a year — well below Iscor's best figure of R42 million

Moultrie has used consultants and a variety of sources to draw up the report He is no slouch with figures having an MA in mathematics and mathematical statistics from the University of Cape Town

In his submission, Moultrie said that if the operating costs of the project were to increase by R50 million a year, as was once claimed by Saldanha Steel, profits would drop by about 0,75 percent

If his calculations are correct, the extra costs are R39 million in capital costs and R17 million a year in operating costs

Or put another way, the cost of moving the plant 15km inland will increase the capital costs by 1,9 percent and diminish the return by less than 0,5 percent

This would meet Saldanha Steel's own financial measures of "robustness, intramarginality, return on investment and competitive advantage" and the profitability of the mill would not be materially affected, said Moultrie

He has estimated that the profit would in fact be greater if the plant was sited at Sishen

Against this Iscor has given at least nine different estimates between May 2 and July 18, which range from an additional capital cost of R60 million to R132 million, and running costs ranging from R42 million a year to R500 million for the first five years

On top of this, stockbrokers Simpson Mackie have estimated Saldanha Steel's after-tax profits at R600 million in five years

"The costs of resiting, even at Saldanha Steel's own disputed levels, will reduce the return by an insignificant amount" Moultrie said Even the R17 million could be lower, he said

He rejected Iscor's arguments that the complex needs to be at the harbour because iron ore and coal may have to be imported South African reserves are sufficient for at least 100 years at current ore-export levels The import of iron pellets from Brazil might be phased out soon after the plant is commissioned

Calculations by civil engineers for Moultrie on the additional cost for the alternative Saldanha site are

	Tons a year	Added cost per ton	Total
Pellets	340 000 x	R2,76 =	R0,9m
Final	1 216 000 x	R5,42 =	R6,6m
Coal	750 000 x	R2,76 =	R2,1m
Ore	1 730 000 x	R2,76 =	R4,8m
Total a year			**R14,4m**

To this total a further R2,6 million a year has been added to cover other expenses such as road maintenance and other contingencies

In his submission, Moultrie queries most of the figures given by Iscor For example, the cost of transporting iron pellets the extra 15km is given by Iscor as R40,83 a ton, while the cost of transporting them from Saldanha to Sishen 871km away is R45 a ton, and the cost of transporting iron ore from Sishen to Saldanha is less than R12 a ton

One of Moultrie's major concerns is that Iscor, in looking at other sites around the country, appears to have embarked on costing exercises only after making decision to site the complex at Saldanha

"The perfunctory way in which the sites were costed suggests that Iscor was predisposed towards a site in Saldanha"

On the basis of the marginal reduction in profit, Moultrie questioned the threat of Hans Smith, the managing director of Iscor, to walk away from the project if pressures for the plant to be moved increased

"Why walk away from a good investment merely because an excellent return has declined fractionally Smith's approach does not add value for shareholders"

In his analysis, Moultrie has also shown that Iscor's Vanderbijlpark plant is the world's second lowest cost-steel producer

It is estimated that Saldanha Steel will produce hot rolled coil at $195 a ton Whether the plant is sited 15km away or at Sishen, Saldanha Steel will still retain a ranking of the fifth cheapest producer in the world of the product

Moultrie's document queries almost every figure provided by Iscor and also deals extensively with environmental issues

Responding to the question as to why he chose to challenge Iscor, Moultrie said "Someone asked me if I had an opinion on the siting I wrote to the managing director of Iscor He replied that it would cost an extra R500 million over five years to resite, and if I, as a shareholder, wanted to contribute, mine would be a lonely voice Intuitively the figure seemed excessive and that's how I become involved

"Saldanha Steel claims the environmental risks are acceptable, but those risks will not be borne or paid for by the company The nation as a whole will pay, not only now, but for generations

"It is the state's function to intervene and strike a balance when the public good conflicts with private greed In this case the choice is simpler than usual because moving the site would cost Saldanha Steel very little by comparison with the long-term environmental benefit"

"As a shareholder, I am entirely in favour of the establishment of the plant at whatever site will result in the least environmental risk, subject to a sacrifice of return," he said

ENVIRONMENTALIST *Iscor shareholder Ian Moultrie is prepared to accept a reduction in returns*

PHOTO JOHN WOODROOF

(189A) (6b) FM 15/9/95

Steyn's constitutional crucible

Plans to build a R4,7bn Iscor steel mill near Langebaan Lagoon, on the Cape west coast, have highlighted the dilemma facing SA We urgently require economic growth but are constitutionally bound by the environmental rights of our citizens

The interim constitution guarantees everyone the right to engage freely in economic activity. It also guarantees everyone the right to an environment which is not detrimental to their health or well-being

The role of the Steyn board of inquiry, appointed by Environmental Affairs Minister Dawie de Villiers to evaluate the Saldanha Steel proposal, is to reconcile these potentially conflicting rights.

The proposed mill, potentially the largest capital project to be undertaken in the Western Cape, holds the nucleus of a steel industry that could see the region emerge as a force in steel production and downstream fabrication

It would contribute significantly to GDP as 70% of the R4,7bn capital expenditure would be on SA products By Iscor's estimates, it would yield R3,1bn in company tax, up to R1,8bn in foreign exchange and create about 600 permanent jobs

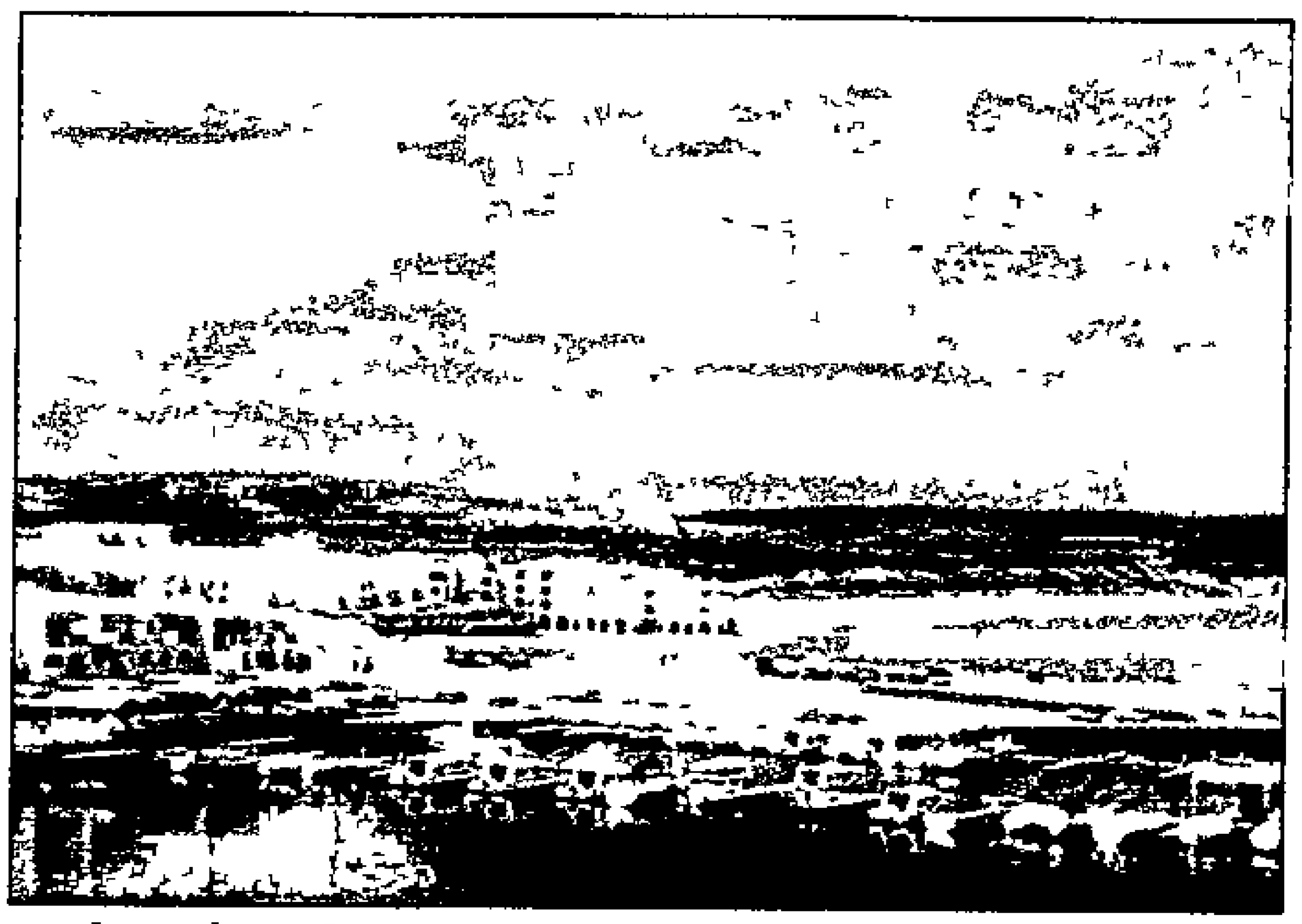
But the Langebaan Lagoon is recognised by the Ramsar Convention as an internationally important wetland The National Parks Board has invested R300m in developing the West Coast National Park and says it could be forced to close if the steel mill goes ahead

The Cape Chamber of Commerce & Industry says the project should not be viewed as a contest between economic advantages and environmental disadvantages. Having said that, it predictably comes down firmly in favour of economic advantages It wants the project to go ahead — with the rider that environmental considerations should be accorded "top priority" Saldanha Steel says it is prepared to abide by a check list of environmental conditions It is even prepared to allow an independent monitoring team to shut the plant if it oversteps the mark.

However, Andrew Brown, counsel for most of the opponents, says the appropriateness of these conditions cannot be evaluated on the available evidence He urges the board to delay its findings until proper environmental and developmental planning for the broader Saldanha-Vredenburg area can be carried out He acknowledges this could take up to two years

Brown argues that the proposed development has to be considered in conjunction with a strategic economic development plan for the south-western Cape He says it is nonsensical to permit industrial development if it compromises an area's existing economic strengths The interests of Saldanha's tourism and fishing industries, both of which depend on a clean environment, have to be considered

Saldanha Steel contends it will use the world's best engineering expertise to design an environment-friendly plant It dismisses evidence of pollution put to the board of inquiry as "mere supposition"



Langebaan Lagoon *internationally important wetland*

Board chairman Judge Jan Steyn does not believe the constitutional right to freely pursue economic activity is necessarily at odds with the right to a healthy environment "From the start of the inquiry, it has been a key issue whether it is possible in the circumstances to reconcile the developer s interests with environmental interests

"All the constitution does is give us a context within which that dilemma has to be resolved I think the challenge is to see to what extent it is possible to reconcile the two interests," he says

The board is urged by both parties to include in its report recommendations on how such conflicts should be handled in future

The board has a special role in that it enables every affected party, including lay people, to give evidence and to ask questions through the chair Judge Steyn says the process is "not without its problems" and expresses concern that "the highly adversarial positioning we faced during the course of the inquiry tended to inhibit the rationality of the debate"

Marius Helberg, counsel for Saldanha Steel, says the six-week process — during which the board received 5 000 pages of submissions — should never be repeated as it will "kill industrial development"

"Similar investigations may have the result that the operation was a great success but, unfortunately, the patient died Saldanha Steel was able to survive financially but few other entrepreneurs would have been able to do so," he says

The implication of such a comment is that industry should be allowed to rush through plans with the minimum of consultation and objection — an irresponsible idea Six weeks to decide the future of an entire region and population is hardly excessive — especially when it involves a long-term, costly project such as that proposed by Saldanha Steel Developers are not required by law to conduct Environmental Impact Assessments of proposed projects Helberg says that by pursuing democracy by commissioning and publicising an assessment on the steel mill, Saldanha Steel brought about its own "crucifixion"

An alternative expression might be "healthy debate"

The board has been urged to be fair to all by recommending that such assessments be made compulsory The crucial test will be the extent to which public participation exercises will be allowed to hold up development

ISCOR (189A)

FM 15/9/95

Larger presence in Oz

With its agreement to buy a 35% stake in listed Australian mining company Ticor in a R370m deal, Iscor should rapidly gain knowledge in new business areas, and expand its presence and partnerships in that country

Less clear at this stage is the direct financial returns that are expected to flow from the deal The announcement from Iscor says nothing about the profitability or the financial structure of the Australian company, which has interests in an integrated titanium dioxide business, two coal mines and a cyanide manufacturing plant

Iscor Mining MD Ben Alberts says the purchase "fits in perfectly" with the group's strategic plan to enter the heavy minerals market, following its acquisition last year of minerals sand reserves, primarily ilmenite, in KwaZulu-Natal and Eastern Cape from Shell SA and Rhoex It will also give Iscor access to the Australian coal market, which will help the group in addressing its coking coal needs in the longer term

He adds that the investment will enable Iscor to gain knowledge of all facets of the heavy minerals industry before its own project comes on stream, both on the technical and marketing sides Iscor and Ticor have agreed to enter into a technical co-operation agreement for exchange of information

There are few details on the funding plan, except that the transaction will be financed by a syndicated offshore loan and a possible private placing of Iscor shares Iscor would become the largest shareholder in Ticor, with Australian insurance company National Mutual holding about 28%

It seems an early objective will be to re-

Iscor Mining's Alberts *a perfect fit with the strategic plan*

capitalise the Australian company, which has been producing useful operating profits but last year was pushed into the red by the costs of servicing a heavy debt burden In the year to December 1994 Ticor produced earnings before interest and tax of A$15,3m, but paid A$29,1m in interest, this resulted in an after-tax loss of just over A$20m Borrowings totalled A$422m, giving a net debt equity ratio of 2 74

However an investment report by analyst Kevin Kartun of BZW Australia forecasts that after a proposed equity issue, net debt will fall to A$204m at the end of the 1995 year reducing gearing to 0,48

Profits are forecast to grow strongly, driven partly by firm product prices taking after-tax income to A$10,8m this year and to about A$56m in the 1996 year Capex will be increased but dividends are predicted to be flowing by 1996

On that basis the deal could prove highly attractive for Iscor *Andrew McNulty*

CONSERVATION BILL (189A)

Parliamentary clutter

FM 15/9/95

The lengthy wrangle over the siting of the steel mill near the Langebaan Lagoon could have been curtailed were it not for the machinations of parliament It has failed to allow the Wetlands Conservation Bill, introduced early this year, to even leave the starting blocks

The aim of ANC senator Stefanus Grové's private Bill is to make the environmental conditions contained in the international Ramsar Convention binding by entrenching them in SA's law Until then, SA has no legal obligation to abide by the terms of the convention it signed in Japan in June 1993

The Langebaan Lagoon meets eight out of the 11 criteria of a Ramsar site It need meet only one to be listed as such

The steel mill's opponents have urged the Steyn board of inquiry to adopt Ramsar's precautionary principle which says the environment should be given the benefit of the doubt if the impact of a specific action is not clearly understood

The convention takes it even further to state "These actions should be prohibited

even if there is insufficient evidence to prove a direct link between the activities and the resultant wetland's degradation."

But the Bill cannot even begin its slow path through parliament without the permission of President Nelson Mandela because it is a private member's Bill dealing with State land. Earlier this year Mandela appointed Water Affairs Minister Kader Asmal, Land Affairs Minister Derek Hanekom and Environmental Affairs Minister Dawie de Villiers to advise him on the matter

They recently told Grové to rewrite his Bill to deal exclusively with SA's 12 Ramsar wetlands as all other catchment areas should be covered by the new water and environmental Acts that are being written

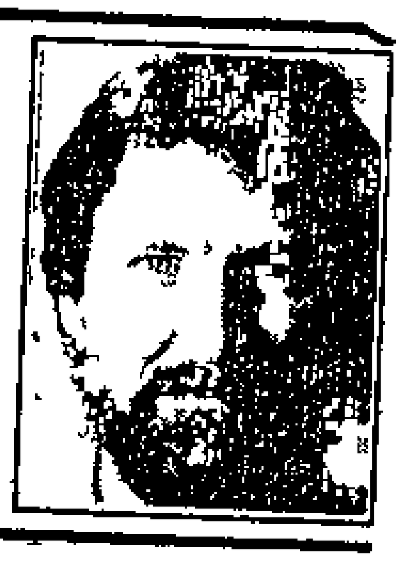
Grové believes they will advise Mandela to sanction the amended Bill's passage to a select committee from where it will have to pass through various readings in both the Senate and the National Assembly He says the Bill should become law by this time next year ■

Saldanha: Minister's needless sideswipe at Greens

189A

GREEN SCENE

John Yeld



IT'S a reasonable bet that dust from the Saldanha Steel Project — the metaphorical kind, that is — will be a long time settling.

It is entirely understandable that the initial reaction of presently unemployed West Coast residents was one of deep disappointment. Equally understandable is the peeved reaction of the local business community, who saw the equivalent of neon rand signs winking at them from across the bay summarily extinguished

Both, however, were probably highly over-optimistic in their initial expectations and might yet come to realise that their first reactions were irrational.

The Steyn report is quite clear: the proposed site at Yzervarkensrug is environmentally sensitive and the steel plant poses a significant risk to it Therefore, alternative sites nearby should be exhaustively analysed, and only if those prove to be totally unsuitable should the original site be revisited, it states

Those alternative sites are less than 15km inland Other than a minor increase in commuting time — and the area doesn't exactly suffer from Table Bay Boulevard traffic congestion — and an equally minor increase in travelling expense, siting the steel plant inland will not affect prospective employees Most businesses associated with the proposed plant will be even less affected — so why the fuss?

One of those who should have studied the Steyn report extremely thoroughly is regional Agriculture, Planning and Tourism Minister Lampie Fick — and his statement on the issue is somewhat disquieting.

He is quite correct that unemployment and poverty remain two of the biggest threats to a sound environment, and that people have as much right to development as they do to a healthy environment But his added remark — "This fact environmentalists will have to accept" — is unnecessary and even somewhat insulting

A major problem is that his statement nowhere acknowledges one of the key recommendations of the Steyn report: "We urge that the Saldanha-Vredenburg-Langebaan Structure Plan be revised to preclude the possibility of other heavy industry attempting to locate close to the bay."

This is an issue at the heart of Mr Fick's portfolio, his reaction to that would have been far more reassuring than a sideswipe at Greens who raise entirely legitimate environmental objections and concerns.

is worrying

ARG 16/10/95

Competition ferments in titanium minerals market

BD 19/10/95 (217) (189A)

Michael Urquhart

SA PRODUCERS are set for cutthroat competition against the background of a boom market in titanium minerals, with Anglo's Namakwa Sands out to challenge Richard's Bay Minerals' status as the world's lowest-cost producer

Another new entrant to the market could be Iscor, which is currently spending R30m on a feasibility study for a 200 000 tons a year project in KwaZulu-Natal

But according to Australian research group AME Mineral Economics, a side-effect of the higher production from SA will be that the markets it dominates — namely chlorinatable slag — will benefit the least from an expected price boom till the end of the century.

In a report on the titanium minerals market over the next 10 years, AME said that titanium dioxide pigment prices would reach a decade high at the turn of the century, although these would probably be lower than the real price at the peak of the last upswing

But it said the result of the increased supply from SA was that chlorinatable slag prices would show the lowest real increases because of the projected large increases in available supply.

Namakwa Sands, Anglo American's west coast mineral sands project, is set to increase production of slag from its current level of 33 000 tons a year to hit 195 000 tons a year by the turn of the century

Richard's Bay Minerals, 50% owned by Gencor, is the largest titania slag producer in the world and still the only producer of chlorinatable slag

It is also the world's lowest cost producer of slag, thanks to the scale of the operation, the availability of cheap power and credits from by-products

Its policy of selling the majority of its income on long-term contracts had enabled it to maintain much higher operating rates and gain market share during the recent downturn

The main competitor to RBM will be Namakwa Sands, which also has the advantages of by-products and SA power costs, while Iscor could be a new entrant to the market

Iscor is currently spending R30m on a feasibility study on a 200 000 tons a year operation from 2 000.

Sources of chlorinatable slag are also likely to enter the market from Europe, which AME welcomed as a means of easing pigment producers' concerns over SA country risk.

Samancor's French connection 'safe'

(~~192~~) (189A) BD 19/10/95

Michael Urquhart

SAMANCOR's important long-term supply contracts with French steel producer Ugine were safeguarded, despite the ferroalloy producer's decision to sell its 4% stake in Ugine, Samancor MD Mike Salamon said yesterday

Samancor has two 10-year contracts with Ugine, one for the supply of 500 000 tons of ferrochrome, the other for the same amount of stainless steel hot-rolled coil

Samancor has a policy of locking in supply contracts in order to ease the typical boom-bust cycles associated with commodities

It has similar supply agreements with Showa Denko and Marubeni Corporation of Japan, and also the supply of manganese ore to the Sabayek plant in Saudi Arabia

Salamon said the $70m sale of Samancor's stake in Ugine would have no effect on its commercial relationship with the company

SEIFSA (189A) FM 20/10/95

Forging ahead

Employment in the steel and engineering industries has increased for the first time since 1989, by 4%

The Steel & Engineering Industries Federation of SA (Seifsa) says the number of hourly paid workers increased from a record low of 270 000 in February 1994 to about 285 000 in May this year But, says

outgoing Seifsa president Trevor Jones, the employment levels are still way below the high of 450 000 hourly paid workers recorded in November 1981

The skills mix on the shop floor has changed dramatically over the past 10 to 15 years In 1981, 15% of the work force consisted of skilled artisans, 17% were higher skilled workers and 69% lower skilled By this year, the mix had changed to 17% skilled artisans, 51% higher skilled workers and only 32% lower skilled

Jones *chances of new jobs slim*

Jones says the shift is only partly due to retrenchments and the recession "Major contributory factors have been technological changes in the industry which necessitated higher skill levels and increased wages for unskilled workers If entry level wages for unskilled workers are too high in an economy with more than 40% unemployment, the chances of creating new jobs in these categories are slim"

Jones, to be succeeded by Siemens joint MD Johan Trotskie, says that after years of recession, sanctions and low international commodity prices, a revival began in 1993. This trend continued in 1994 and, despite a levelling off during early 1995, real growth in GDP of between 3%-3,5% is expected, after an increase of more than 2% in 1994.

Sales in the metal and engineering industries are expected to increase from R63bn in 1994 to more than R70bn for this year.

Improved conditions have led to considerable increases in gross domestic fixed investment. Companies in the metal industries and in manufacturing in general are replacing outdated equipment and investing in new production capacity

Taken as an average annualised rate, real fixed investment increased by 8,5% in the current upward phase of the business cycle "It is heartening that most of this new investment has come from the private sector with some by public corporations from early 1994 but little by public authorities. This may change with increased RDP spending over the next few years." says Jones.

"If any recovery is to be sustained, the violence must be brought under control A recent survey of potential foreign investors indicates the violence is a big inhibitor."

In line with Gatt, protective tariffs will be cut over the next five years, putting pressure on local companies to improve competitiveness in international and domestic markets

The phasing out over three years of Geis, in line with SA's international trade obligations, also started in January this year, affecting many metal industry exporters.

Discussions on the phase-out took place during 1994 among business, labour and government representatives All agreed on the urgent need to introduce new "Gatt-friendly" supply-side measures to replace direct export incentives

"It is disturbing that no supply-side measures have been introduced An IDC document outlining proposed measures has been under review by government for months but has yet to be tabled in Nedlac for debate, despite a series of unfulfilled promises Business is starting to doubt the sincerity of government's support for exporters, especially small and medium-sized exporters at whom many of the measures are aimed"

The upturn, if it can be sustained, may prove one of the greatest forces for positive change Jones says economic growth is crucial to avoid a future of ever-worsening unemployment, violence and ungovernability.

Government would do well to heed his remarks in the light of fading interest from offshore investors Lack of supply-side incentives and spiralling violence have driven many would-be investors into the waiting arms of the Asian tigers. ■

W Cape govt to hear IDC's Saldanha brief

(189A)

CHRIS BATEMAN

CT 25/10/95

THE Industrial Development Corporation is to brief the Western Cape cabinet this morning on proposals to "soften" the R4,7-billion Saldanha Steel project in an attempt to avert a pullout by the steel mill company.

A spokesman for regional Agriculture, Planning and Tourism Minister Mr Lampie Fick said yesterday: If the proposals are realistic the cabinet will evaluate them.

The Steyn Commission's chief recommendation was that Saldanha Steel erect its mill away from the ecologically sensitive shoreline and that the Saldanha Vredenburg structure plan be revised to rule out heavy industrial development close to the Saldanha Bay shoreline.

Urban poor gain from EU grant

PETER DENNEHY CT 25/10/95

POOR urban households whose incomes are less than R2 000 are to benefit from a R26-million funding contract signed at the Strand by the European Union yesterday

European Union ambassador to South Africa Mr Erwan Fouéré said there would be a particular focus on households that earned less than R800 a month

The funds are to go to the Urban Sector Network, a group of non-government organisations

The R26m is part of R600m that the European Union will have committed, by the end of this month, to RDP projects in South Africa for this year alone

The funds come through the European Programme for Reconstruction and Development, which proposes that similar grants be made to South Africa in each remaining year of the government of national unity

Mr Jeff Radebe, Minister of Public Works, who was the guest speaker at the signing ceremony, cited the former squatter settlements of Enjaville and Cassablanca, near the Strand, as examples of what can be achieved by communities

The communities took the initiative in ensuring that land passed from a developer's hands to the municipality and negotiated for low-cost homes to be built with national housing funds

Also signed yesterday was a registration document for the Strand Community Development Association, a non-profit company through which the community will be able to enter into contracts and raise funds for a community hall in Enjaville

Mr Wessel Badenhorst, of the Cassablanca Community Centre Trust, said the community leadership had unfalteringly motivated people towards development.

'Lips sealed' on steel plant

(189A)

STAFF REPORTER

THE Industrial Development Corporation (IDC) was playing its cards close to its chest yesterday after a high-powered meeting with the Western Cape cabinet on the future of the Saldanha steel plant

"Our lips are sealed," said managing director Mr Carel van der Merwe after he and IDC chairman Mr Christo Wiese met the cabinet yesterday to discuss proposals to "soften" the R4,7-billion Saldanha steel project in an effort to prevent the steel mill company from withdrawing

Mr Armand le Roux, administrative secretary to provincial Agricultural Development and Economics Minister Mr Lampie Fick, said he could not comment but that various alternatives were being considered

CT 26/10/95

'Saldanha plans c

Separate impact studies give false picture of develo

(189A) ARLG 26/10/95

LINDSAY BARNES
Staff Reporter

THERE is concern over the "piecemeal planning" of the Saldanha area as well as isolated impact assessment reports.

Earthlife Africa claims the reports are giving a false picture.

The organisation criticised Saldanha Steel for its lack of transparency at an exhibition on Portnet's proposed general cargo quay extension held in Saldanha Bay yesterday.

There was an open invitation to visit the exhibition, to meet the specialists involved in the extension and to comment.

Portnet intends to expand the cargo quay from its existing 250 m to 885 m to accommodate the proposed Saldanha Steel Project's exports and imports.

However, the proposed extension will be stopped or postponed if the steel project does not go ahead.

"When the impact assessment study was done for the Saldanha Steel Project, the reason they gave for not including the harbour in the study was that the two were entirely separate," an Earthlife Africa spokeswoman, who declined to be named, said.

"Today we heard that the quay development is to cater for the steel project and that if the project does not go ahead, the quay may not be developed.

"Earlier it was denied that the extension of the cargo quay was in any way linked to them and now we hear that it depends on them," she said.

"Why didn't they say this in the beginning?"

The public is being presented with a false picture of the impact of the development of the area in general, she said.

She questioned Portnet's reasons for looking at the impact of the extension of the cargo quay at present and requesting a separate study for the impact of the proposed oil terminal.

"For example, say that the impact of the extended cargo quay on the marine life was 10 units and the impact of the oil terminal was another 10 units, and the marine life could withstand 12 units. In isolation, it would appear that each development is acceptable, when in fact the combined impact is 20 units and this is the true extent of the harmful effects.

"The separate impact assessments give the impression that the impact is less than what the cumulative effect is in reality. By compartmentalising the projects, you split the actual level of impact," she said.

Saldanha Bay port manager Danie Barnado said that instead of looking at all of the projects together when perhaps some of them may not in fact materialise, Portnet was dealing with what it knew.

He said: "When the oil terminal development comes along, the impact assessment report will include all information that appeared in previous impact studies. The idea is that we deal with what we know.

"This impact assessment study being done is for the Saldanha Steel Project and the cargo quay, including all the existing operations. If we combine this with studies on the oil terminal and other possible developments, the one is going to get bogged down by the other."

Portnet is to deepen the navigational channel alongside the general cargo quay, using a cutter-section dredger over four to six months, to allow larger cargo carriers to use the quay.

The dredged material will be used as backfill for the extension. Precast sections of the quay wall, four metres wide and about five storeys high, are to be cast at the Mossgas site in Saldanha Bay.

The quay was not heavily used until recently. Concentrates of lead, copper and zinc from the Black Mountain mine near Aggenys are loaded at the quay for export, according to a draft summary report of the environmental impact assessment.

The capacity of the quay may well be reached by the Namakwa Sands Project and if the proposed Saldanha Steel Project goes ahead, additional cargo handling facilities will be required.

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(56) (189A) ARG 26/10/95

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Pictures ANDREW INGRAM, The Argus

EXPANSION: Saldanha Bay port captain Dave Duncan, above, stands near the spot where the general cargo quay is to be extended.

PROGRESS: Danie Barnado, right, Portnet's port manager for Saldanha Bay, with a model of one of the counterfords which could form the basis of the quay wall. Up to 180 of these units could be put in place with the use of a floating crane.

Alusaf says it expects to pay dividend for first time in 5 years

CT (BR) 31/10/95 (189A)

BY JON BEVERLEY

Durban — Alusaf expects attributable earnings of more than R200 million and the payment of a dividend for the first time in five years this coming year, chairman FJP Roux says in the annual report for the year to June

Alusaf hopes to sell its metal for about $1 800 a ton next year Metal sales will be based on production of 397 000 tons, with full production at a rated 636 000 tons once the Hillside smelter is at full output during 1997, he says

Roux said the lenders imposed a 50 percent limit of attributable earnings to be paid for 1996 and an increase to 80 percent from 1997 and for the rest of the term of lendings

Attributable earnings reached R57 million He said prospects for the year depended to a large extent on the successful commissioning of the new Hillside smelter, but he had every confidence that teething troubles would be resolved

Discussing the aluminium market, he said demand had increased by 10 percent, while production was cut by one million tons as a consequence of the agreements among producers

This resulted in a dramatic reduction in London Metal Exchange stocks to around 1,7 million tons at the end of 1994 and the price responded to reach a five-year high of $2146 a ton in January 1995 It has since fallen to around $1 700

Roux said that during the current year, Western demand increased again and should reach 18 million tons for the year About 14,8 million tons will be sourced by western production, leaving a shortfall of 3,2 million tons

Shortfall

LME stocks were down a further 1,1 million tons and it is expected the shortfall will be met by further LME sales and by CIS exports of around two million tons

Roux says the supply situation for the year appears to be adequate, but the LME stock situation should continue to exert upward pressure on the price which is again heading for $2 000

"Beyond 1995 it is likely that any increase in demand will be met by re-activating some of the one million tons of capacity that was curtailed by producers"

He said local sales of primary aluminium were steady in the past year at 26 336 tons (26 790 tons)

They had changed the pricing basis, which had originally been at the LME price when the contract was agreed, because of rising metal prices that had incurred a R369-a-ton loss on these sales

The new arrangement will result in Alusaf obtaining the LME price for such sales but still providing the same benefits for its customers

Roux said the latest estimates for the Hillside smelter were that it would cost R5,05 billion, reflecting a saving of around R1,4 billion, or around R400 million more than previous estimates

Financing of the project, and the reduced costs, would cut the requirement from R3,5 billion to R2 billion — of which about R1,8 billion would be foreign-sourced

The rate, after providing for hedging and forward cover, would be 15,2 percent a year for the duration of the loans, which are to be repaid over 5 to 8½ years starting in May 1997

Current interest rates would be about 17,6 percent which shows a further timing benefit

At Bayside, where the potroom is being upgraded, the latest cost at R249 million is about R25 million below the original estimate

Alusaf brings in hedging programme to curb losses

BD 1/11/95 (189A)

Michael Urquhart

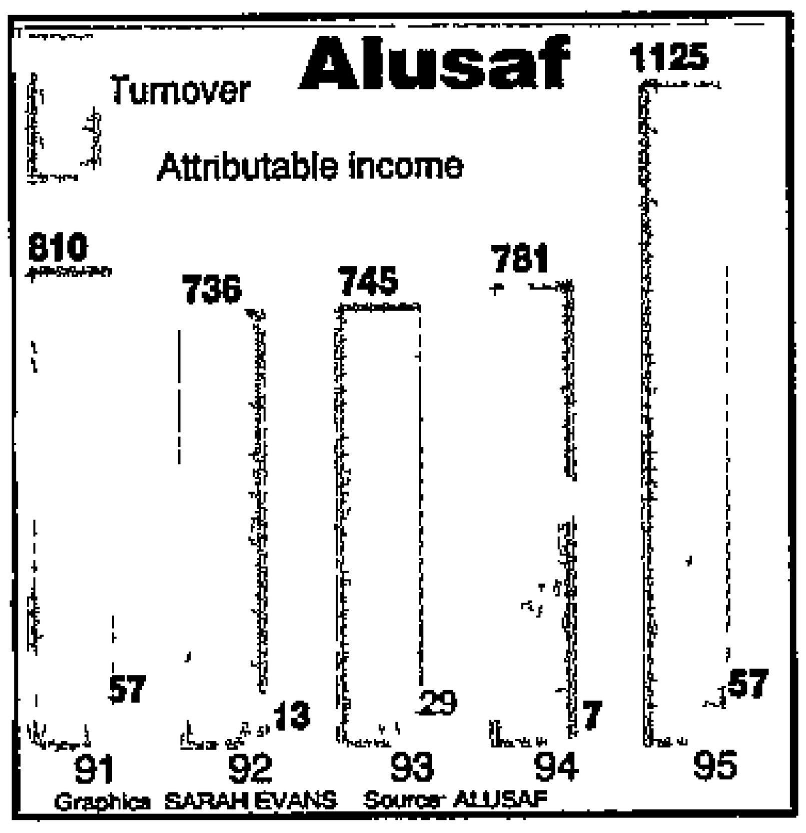
ALUSAF had installed a hedging programme to protect itself against fluctuations in the London Metal Exchange price of aluminium, which had cost it nearly R10m on sales to the domestic market for export in financial 1995

Chairman Fred Roux said in his annual review that Alusaf had sold aluminium at the exchange price on the day that the export contract was secured, and had accepted lead times of up to six months for the export contracts

But the company — which has linked around 60% of its costs to the exchange price — had been caught off guard by the sharp upward movement in the exchange price and its effect on costs, which had raced ahead of the long-term prices achieved

This had seen Alusaf produce a loss of R369/ton of aluminium sold to the local market for processing for exports Sales for this purpose totalled 26 336 tons

In response Alusaf had reduced its lead times, and had put in place a hedging programme to protect itself against fluctuations in exchange prices



Graphics SARAH EVANS Source: ALUSAF

Despite the losses on the local market, the booming aluminium price — which was 47% higher than the average last year — had seen Alusaf increase earnings from R6,7m to R57,2m

Roux said yesterday that Alusaf had shelved plans for downstream integration into the beneficiation of aluminium, due in part to the upgrading of downstream processor Hulamin, owned by the Tongaat-Hulett group

Another reason was that to be world competitive a plant had to be a specific size Roux said the international trend was for smelters to be situated where electricity costs were lowest, while downstream plants were situated near their markets

To be world competitive a downstream plant had to be a certain size, and the local market was not large enough to support a plant of world competitive size, he pointed out

Roux said no decision had yet been taken on what would happen at the Bayside smelter, where a modernisation programme would see a number of retrenchments.

The difference between the technology at Bayside and that at the recently completed Hillside smelter was that Hillside would produce 466 000 tons with a workforce of 1 100, while Bayside produced 170 000 tons with 2 750 full-time employees, he said

Saldanha project may go ahead

CT 1/11/95 (189A)

By Roy Cokayne

Pretoria — There is a "real chance" that the R4,7 billion Saldanha steel project will still go ahead, Iscor executive chairman Hans Smith said here yesterday

"We will take a decision on our participation in the project at the end of November The Industrial Development Corporation (IDC) has indicated it will come back to us and bring the project back to our required rate of return," Smith said after Iscor's annual general meeting

Iscor withdrew from further participation in the project at the end of September

It cited inordinate delays experienced in the issuing of the necessary site rezoning permits, which had resulted in progress on the project being held up by almost a year, as the reason for the decision to withdraw from the project

Iscor said at the time it would "consider the investment merits of a restructured project, or any portion thereof" after the re-evaluation of the project by the IDC, its then joint partner in the venture

The IDC then decided to re-evaluate the project with a view to achieving a more acceptable capital cost, investment return and risk profile for Iscor

Smith said yesterday he was impressed by the positive attitude of the IDC, which he said had been negotiating with the central and Western Cape governments

"There is a 50 percent chance of Iscor coming back and a real chance of the project going ahead," Smith said

He said that Iscor was committed to leaving the R750 million of the R1,3 billion the company raised via a rights issue untouched until it had heard from the IDC

Only about 50 of the company's 155 000 shareholders attended the meeting yesterday, which was completed in less than 10 minutes

The meeting was the last to be held under the chairmanship of Marius de Waal, who is retiring However, De Waal said he would continue to hold the position of chairman of Transnet until the end of the year and of Siemens "for a while still" He is also a director of BMW South Africa and the South African Reserve Bank

De Waal's retirement has resulted in Smith, formerly the managing director, becoming the executive chairman This is in line with the restructuring of Iscor and reduction of senior management from 10 to six people over the past two years

Ben Alberts has become the managing director of Iscor Mining, Kevin Robertson the managing director of Iscor Steel, Louis van Niekerk the executive director finance, Neels Howatt the general manager human resources and public relations, and Awie Greyling the general manager legal and administrative services

CHANGING OF THE GUARD *Iscor managing director Hans Smith (left) bids farewell to chairman Marius de Waal after the company's annual general meeting in Pretoria yesterday Smith has now become executive chairman of Iscor, in line with Iscor's restructuring and reduction of senior management*

PHOTO JOHN WOODROOF

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(189A) Star (BR) 1/11/95

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PHOTO JOHN WOOLROOF

SALDANHA STEEL

Last ditch bid to salvage mill

FM 3/11/95 (189A)

Other options — including a search for possible British partners — are being investigated in a bid to keep the multibillion rand Saldanha Bay steel project alive Industrial Development Corp chairman Christo Wiese confirms that the IDC made certain proposals to the Western Cape cabinet last week

Administrative secretary to Western Cape Agriculture, Planning & Tourism Ministry Armand le Roux says "Several alternatives were presented to the cabinet by Wiese and IDC CE Carel van der Merwe last Wednesday The cabinet will attempt to reach a decision on these issues before the end of November" And Iscor, though it has pulled out of the R4,7bn combined Corex iron and steel plant project, is still interested "in looking at feasible alternatives," according to Iscor MD Hans Smith

Smith says "while the bottom line issue at Saldanha Bay is a proper return on our investment, we would again be interested, should the IDC make good proposals"

Saldanha Steel executive chairman Bernard Smith says he is "not in any position to comment" on the alternative options now being looked at

Voest Alpine SA MD Helmut Ulrich says his company has been asked to table revised quotations before the end of the week, to reduce the budgeted capital costs "The environmental investigation (Steyn) has delayed implementation and added both to the cost and risk of the project"

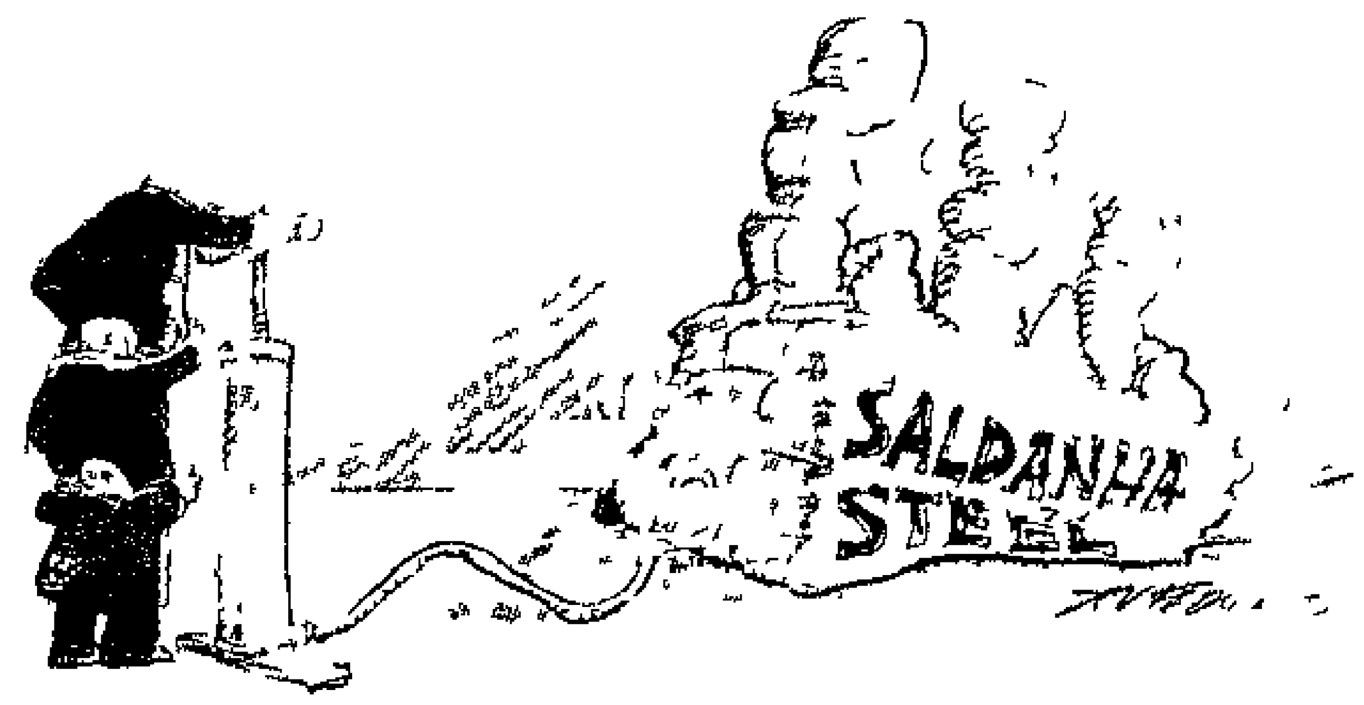
Ulrich says the ideal position would obviously be to launch a project of this scope into a global market upturn But, he adds, even if the Saldanha project does not come off now, the benefits of adding value to millions of tons of iron ore currently exported to the Far East should force a reconsideration later

Apart from the findings of the Steyn commission which recommended the plant be moved inland, one of the main drawbacks to the project is understood to be the construction of Iscor's state-of-the-art Corex iron plant which had a lead time of 36 months

It was felt the long lead time would coincide with the expected cyclical downturn in the global steel market closing the "window of opportunity" which needed to exist to successfully launch the steel plant

Industry sources say Iscor is apparently happy to participate in the steel making operations at the plant and if the "Corex equation" is taken out of the project several other options for the manufacture of iron present themselves

While Corex is an iron making process developed by Iscor using low grade coal as a fuel base, new proposals on the table include the use of gas as an energy source



Options include

- ❑ Building a gas pipeline from Mossel Bay, at a projected cost of about R500m This would allow for the erection of a gas-fired iron-making plant at Saldanha Bay, which would be 40% cheaper to build than the Corex plant,
- ❑ Siting the iron plant at Sishen and the steel plant at Saldanha,
- ❑ Getting British or other overseas partners to take the place of Iscor,
- ❑ Importing coal from Richards Bay to fuel the Corex plant at Saldanha The plant would also require about 1,8 Mt of Sishen iron ore a year, coupled with 340 000 tpa of iron pellets imported from Brazil,
- ❑ Building only the steel plant at Saldanha, using imported scrap steel (which is the global norm), until the various iron plant options are finalised, and
- ❑ Extending the Portnet wharfage facilities at Saldanha Bay at a projected cost of R260m-R500m, with the costs depending on the option followed and the volumes of coal and pellets to be imported The projected thin strip steel coil exports will remain at about 1,25 Mt/year

Some industry circles are upset over the costly delays caused by the Steyn investigation, which might scupper a proposed steel plant they describe "as clean as an ice cream factory"

Additional costs would be imposed by moving the steel plant inland — if coupled with the iron making plant, "imported" coal and pellets would also have to be transported to the site and the steel then re-exported

A R500m Mossgas pipeline to Saldanha would take about three years to complete and it would be a feasible energy source for the iron plant, provided gas can be delivered at a cost of not more than US$2,50/gigajoule (a unit of heating value) This would leave government to make up its mind what to do with the Mossgas refinery — transforming it into a liquid condensate (or crude oil) refinery could be an option

Complex policy decisions — also involving Mossgas — therefore have to be made, before a new Saldanha Steel project can be announced But, with a steel plant needing 27 months for completion, a Corex plant three years and the gas pipeline a similar period, global market trends are vital in such a decision And, with more scrap-steel-based minimills coming off international drawing boards, opportunity may be fading fast ■

Iscor export pact exposed by steel rival

ST(BT) 6/11/95 (189A)

By DON ROBERTSON

THE proposed export venture between Iscor and Macsteel could bar steel imports to South Africa and could prove costly to Iscor shareholders, according to an independent steel trading company

Iscor, South Africa's largest steel producer, and Macsteel, the R12-billion-a-year steel merchant, agreed in June to form a joint Dutch-based exporting company, Macsteel International BV The deal is currently under Competition Board scrutiny

In submissions to the board this week, Durban-based MacDonald International has disclosed for the first time details of the secretive joint venture agreement

The submission states that Iscor would have to pay an estimated R1,5-billion for Macsteel's share in the venture, should Macsteel default This cost would have to be borne by Iscor shareholders

MacDonald exports R200-million worth of Iscor steel a year but could lose that contract if the deal is approved as Iscor has allocated all of its exports to the joint venture MacDonald is asking the board to overrule the Iscor-Macsteel agreement.

MacDonald says that by effectively keeping out imports the alliance between Iscor and Macsteel will result in an anti-competitive structure and keep domestic steel prices unrealistically high

It claims that international prices have dropped 30% this year, yet Iscor has raised domestic prices For instance, hot-rolled sheet imported from former eastern European countries can be shipped to the Reef at $350 a ton or R1 260, compared with Iscor's domestic price of R1 850 a ton This mark-up will earn Iscor R2,4-billion a year if there is no import competition, MacDonald says

The agreement prevents Macsteel International from importing steel without Iscor's consent

Iscor, responding to questions, argues "it is unrealistic to compare steel from eastern Europe with Iscor steel from a quality point of view".

Iscor says the choice to import steel is open to any steel trader Industry sources say, however, that the capital-intensive nature of importing steel makes this option unrealistic

MacDonald says its investigation has found that the Iscor-Macsteel contract will guarantee a turnover of R7-billion and commissions of R300-million a year

It values the joint venture in excess of R3-billion on an income multiple basis

MacDonald says the agreement contained no audited accounts of Macsteel's total international business

Iscor, however, claims that Macsteel's trading volumes amounted to four millions tons a year and that it was acquiring a share in an R8-billion operation, justifying the concession of all of its export marketing to Macsteel

Under the agreement Iscor will supply 1-million tons of steel a year to the joint venture If Macsteel defaults Iscor will have to buy Macsteel's 50% stake at market value for an estimated R1,5-billion

In the event of a breach of the contract by Iscor, Macsteel is entitled to buy Iscor's 50% share on more favourable terms — a negligible net asset value basis for the first five years and thereafter at market value less liquidated discounts in excess of R200-million Iscor will also have to buy Macsteel's "goodwill" in the venture

If a majority of Iscor shares are nationalised or Iscor fails to meet its export commitment, this would also viewed as a breach of contract

Iscor loses its rights to an 'unprofitable' mine

BD 6/11/95 ~~189~~ (189A)

Yuri Thumbran

THE Namibian government has decided not to grant the Rosh Pinah mineral rights to Iscor's wholly owned subsidiary Imcor Tin, but has granted them rather to P&E Minerals. Rosh Pinah is a zinc mine near Luderitz on the Namibian coast.

Iscor Mining MD Ben Alberts expressed his "surprise and disappointment" at the decision, saying Iscor had been responsible for the operation of the mine since it was established in 1989

Alberts said the Namibian government had, against all expectations granted the rights to P&E Minerals "A company that to our knowledge is neither involved in mining nor has a proven background of mining activities."

"Iscor intends to take all possible steps to ensure that the granting of the mineral rights is revised."

He said over many years considerable expertise was developed in operating the mine, which was in a very inhospitable part of the world.

During this period Iscor's involvement in the area resulted in a variety of contributions including the development of local skills and the contribution to the Namibian economy, he said.

Iscor was last year embroiled in a legal row with Namibian mining company Moly Copper over the Rosh Pinah mine Iscor had a 51% stake in the mine and successfully applied to the Namibian High Court to have the mine liquidated. After the mine was wound up, Iscor, along with four other companies, made a bid for it At the time Iscor said the mine was unprofitable and had no future

Steel plant planned for Phalaborwa

BD 7/11/95 (189A)

Mungo Soggot

THE Industrial Development Corporation is mooting the construction of a R2,5bn steel plant which will exploit gas from Mozambique's Pande fields

It would be based in Phalaborwa where there are huge stocks of magnetite owned by Palabora Mining and Foskor A spokesman said yesterday the corporation was scouting for partners, and had spoken to Iscor, Anglo American and Gencor

Pande gas would be used to reduce the magnetite to iron carbide, a process recently commercialised in Trinidad and Tobago by US steel firm Newcor

Pre-feasibility studies showed Phalaborwa could feed a 4-million tons-a-year plant for 20 to 25 years, and generate foreign exchange earnings of R900m a year

Namibia cancels Iscor's right to mine Rosh Pinah

(189A) ~~(221A)~~ ~~(215)~~

Mungo Soggot

BD 7/11/95

ISCOR is sitting on a zinc mine in Namibia with no mining rights after losing out to a company reportedly linked to the ruling South West African People's Organisation party.

The SA steel producer bought the assets of Imcor Zinc — its joint venture company which ran the Rosh Pinah zinc mine — after putting it up for liquidation last year. Although Iscor has held the assets since then, it is now unable to proceed with its mining plans following the Namibian government's decision to give the rights to P&E Minerals.

Iscor dubbed the decision disappointing and unexpected at the weekend, alleging that P&E had no mining experience. The move represents a change in fortune for Iscor, which managed last year to push the liquidation through in the face of stiff resistance — including tacit disapproval from the judge, who saw no reason to award Iscor costs.

Iscor's application had been opposed by Imcor partner Moly Copper, which disputed Iscor's line that the operation was unprofitable.

Moly Copper chairman Diane Lidchi said yesterday that the mine had been running since 1967. Iscor had bought 51% of the equity for a "virtual gift" at R510 in 1965. "The Namibian state has no good reason to give it to the now privatised Iscor, which has such an unpredictable attitude to profitability." Mines and Energy Minister Andimba Toivo Ya Toivo could not be reached for comment.

New plan for Saldanha Steel

□ *R4,5-billion mill 'virtually certain to go ahead'*

ARG 8/11/95 (189A)

HUGH ROBERTON, Political Editor

SALDANHA Steel is virtually certain to go ahead with its R4,5 billion steel mill at Saldanha, senior industry sources say.

It is understood the provincial cabinet is poised to approve a new compromise plan today which has been scrutinised by members of the Ramsar Convention secretariat, the world's leading wetlands protection agency.

Members of the secretariat have been in the Saldanha area for several days at the invitation of the provincial government to give advice on the project.

The Ramsar Convention, to which South Africa is a signatory, is an international agreement to protect wetlands and a permanent secretariat is maintained in Geneva to monitor compliance.

Industry sources say the new compromise plan was drawn up with "significant input" from the Ramsar officials and is to be presented to the provincial cabinet today.

It is expected to be given unanimous approval and a press conference is scheduled to be held immediately after the cabinet meeting.

Industry sources say the new plan is acceptable to the Industrial Development Corporation and Iscor, who were to have been the principal partners in an earlier plan for a steel mill at Saldanha.

Iscor said it was withdrawing from the earlier scheme because of agitation against it by environmental groups and the high costs of alternative proposals.

Ramsar Convention officials are understood to have been asked to delay their return to Switzerland and to be available for comment when the cabinet's decision is announced

According to industry sources, the agreement on the huge steel mill includes some of the most stringent environmental controls in the world.

Ramsar Convention advisers are said to have proposed the drastic revision of planning procedures and regulations at Saldanha and "extremely rigorous" controls over the use of water.

The provincial cabinet, it is believed, has also agreed to introduce new legislation that would impose huge penalties on Saldanha Steel for any breaches of the tightened regulations

Columbus confident of big rise in steel exports

CT (BR) 8/11/95 (189A) [illegible]

By Derek Tommey

Johannesburg — Stainless steel exports should soon start rising strongly as Columbus, the country's new producer, overcomes teething problems and starts to run in its R3,5 billion worth of new equipment and builds up production

The newly commissioned twin-stand hot mill is performing better than expected, says chief executive Fred Boshoff

Fine tuning and optimisation runs, are progressing well and the final acceptance tests are scheduled for the first quarter next year

The new mill will boost capacity at Columbus from 150 000 tons to more than 600 000 tons a year

Since the mill was commissioned on September 24, it processed 24 000 tons of stainless steel The target is to roll 1 000 tons of a high-quality product before the end of the year, says hot-mill manager, Johan Nyschen

It usually takes 12 to 18 months to commission a mill of this size, he said Columbus has done this in only 10 months

The new steel melting plant, the first major new component to be commissioned, initially did not perform as well as forecast owing to problems with the refractory lining However, its performance is in line with guaranteed figures

The cold mill also did not initially deliver the expected output But in the past two weeks it has achieved its daily target

Boshoff says despite commissioning problems Columbus has increased production and its sales to the local market

Demand in South Africa is still quite strong, but prices and demand have softened in the international markets owing to stock adjustments

COMPANIES

Fall-off hits Samancor ferrochrome increases

BD 9/11/95 (189A)

Michael Urquhart

SAMANCOR has secured fourth-quarter ferrochrome price increases of $0,03/lb with Japanese customers, only half the amount it had been hoping for when it first kicked off negotiations

Prices of $0,76/lb to $0,77/lb had been agreed, putting the group's fourth- quarter prices close to spot

Samancor chrome division marketing manager Deon Toerien said yesterday that Samancor had started negotiations with proposed price increases of $0,06/lb, but there had been a slight fall-off in spot prices since then.

In addition, stainless steel producers had been cutting production to ease a build-up of stainless steel stocks

Ferrochrome spot prices rocketed ahead of the negotiations, nearly doubling from around $0,40/lb a year before The fall-off since then — spot prices are currently around $0,75/lb to $0,77/lb — had been aggravated in Japan by the poor state of the economy and by the stiff competition which Japanese producers faced in the Pacific Rim, their traditional market

Toerien said the similarity between the spot and contract prices indicated the market was close to its peak for the current cycle, although there would only really be an oversupply of production in the second half of 1996 when new capacity came on stream, particularly from SA

The effect of this oversupply hinged on whether the stainless steel market recovered sufficiently to absorb the extra capacity coming on stream

However, Toerien did not expect any downturn in prices to be as severe as the previous downturn, during which producers had been forced to cut back on production The steady growth in the stainless steel market was likely to minimise any weaker trend

Consolidated Metallurgical Industries (CMI) MD Zed van der Walt said Japanese buyers traditionally took their cue from Samancor prices, and CMI tended to achieve the same level of price increases as Samancor

Analysts said the rise in Japanese contract prices had not come as much of a suprise after Samáncor had settled in Europe $0,04/lb higher

Even if prices had peaked, ferrochrome producers were still looking to rake in bonanza profits at current levels, with the average cash cost of ferrochrome at around $0,30/lb to $0,35/lb

Saldanha steel mill plans back on track

(189A)

Edward West BD 9/11/95

CAPE TOWN — The R4,7bn steel mill mooted for Saldanha Bay appeared to be back on track yesterday after Western Cape's provincial executive gave the green light for a compromise plan to move the plant.

Provincial agriculture, planning and tourism MEC Lampie Fick said the project could go ahead 2km inland from the site proposed previously, with a string of environmental conditions attached.

The move was welcomed by Saldanha Steel's main remaining shareholder, the Industrial Development Corporation (IDC), which said the new site was viable.

The project was derailed in September after the IDC's Saldanha partner, Iscor, pulled out, citing delays stemming from an environmental inquiry set up by Environment Affairs and Tourism Minister Dawie de Villiers.

The Steyn board of inquiry later ruled that an investigation be launch-

Continued on Page 2

Saldanha

(189A)

Continued from Page 1

BD 9/11/95

ed into moving it 10km inland

Fick said the new site did not circumvent the board's findings. Had the Steyn findings been forced through, the delay would have killed the project The IDC had needed a decision by the end of November on whether to go ahead with the project

De Villiers supported the provincial government's decision, Fick said

Iscor refused to comment yesterday, but Saldanha Steel CE Bernard Smith said the IDC and Iscor were negotiating to bring Iscor back into the fold and he was confident of a solution

Fick said the decision followed negotiations with the IDC, the Worldwide Fund for Nature, the Habitat Council, the Parks Board, Ramsar Convention representatives and the environment affairs department.

Conditions attached to the approval included ensuring that the plant was at least 50% air-cooled, given water shortages in the region.

The Western Cape government would also ask central government to consider a tax concession for industrial development using sea water as an alternative, he said.

An environmental monitoring committee would also be established before construction started, and any expansion of the mill would be subject to provincial cabinet approval

Namibia dashes Iscor's hopes

(189A)

BD 9/11/95

Mungo Soggot

NAMIBIA's Mines and Energy Minister Andimba Toivo Ya Toivo yesterday buried Iscor's hopes of persuading him to give it back mining rights to the Rosh Pinah Zinc mine, saying his decision to allocate them to a firm with Namibian government links was final

"I would not like to comment on the matter It is my right. I have given the rights to P&E Minerals, and that is final," he said P&E Minerals has Namibian President Sam Nujoma's brother-in-law Aaron Mushimba as one of its directors.

Iscor Industrial Minerals GM Chris Wessels said senior Iscor officials would meet top Namibian officials next week to discuss the move, which has left it with the Rosh Pinah zinc mine's assets, but no mining rights.

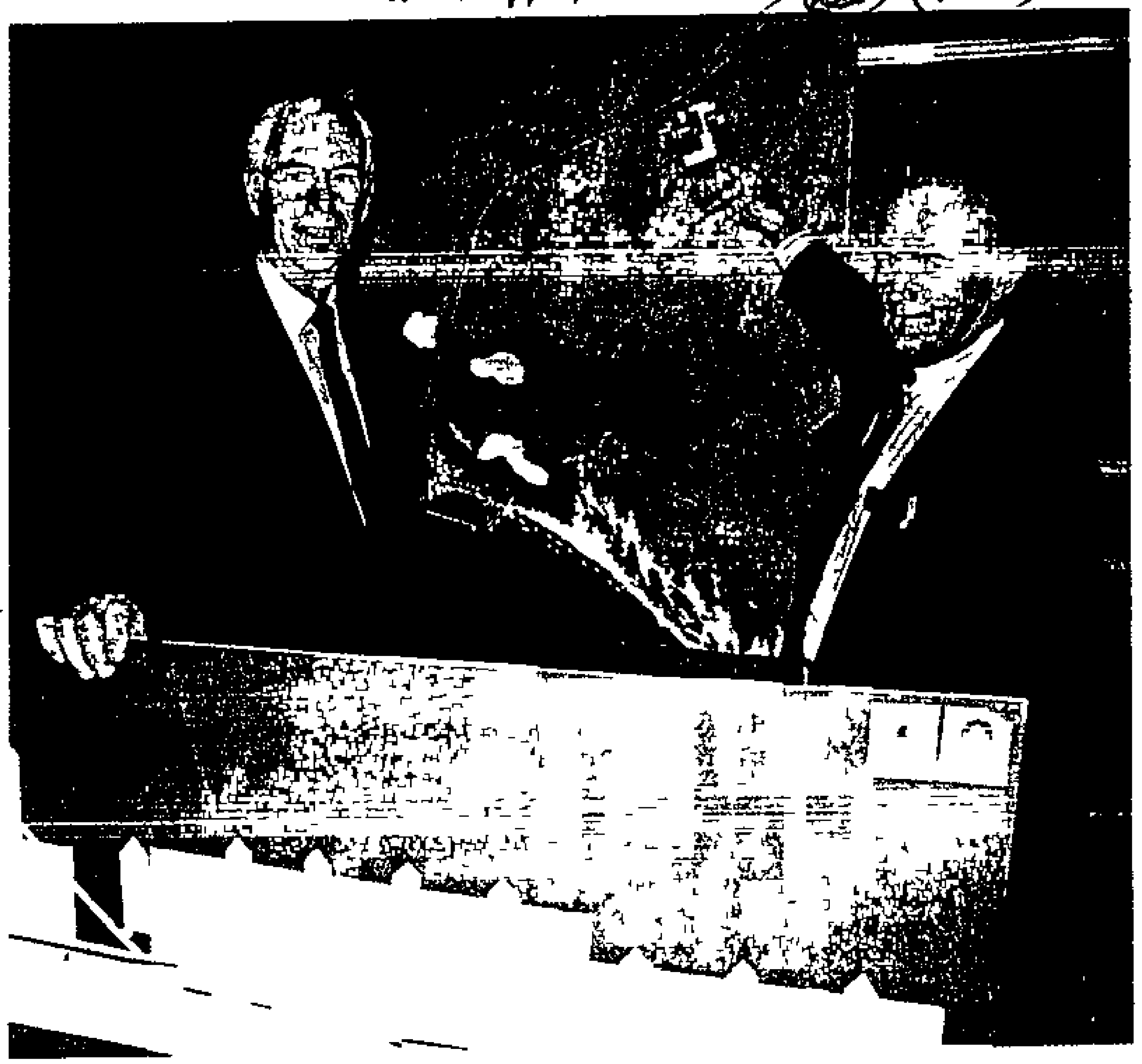
Iscor bought the assets of liquidated Rosh Pinah holding company Imcor Zinc — in which it was a shareholder — for R35m. They are now owned by subsidiary Imcor Tin

After its liquidation, Toivo Ya Toivo terminated the rights and reallocated them to P&E.

Wessels said Iscor was puzzled by the decision as P&E Minerals appeared to have no mining experience. Iscor's application for mining rights contained a detailed 10-year plan, including its employment plans.

Steel mill plant gets go-ahead

ARG 9/11/95 (189A)



APPROVED SITE: Western Cape Minister of Planning Lampie Fick and Ramsar Convention technical advisor Mike Smart flank a relief plan showing the new proposed site for the Saldanha Steel project at Langebaan.

Massive boost in jobs and investment for Saldanha

APPROVAL of the rezoning application for the controversial Saldanha Steel project on an alternative site four kilometres from the Langebaan lagoon clears the way for multi-million rand investments, jobs and development that will boost the West Coast communities and the province as a whole. Frantic efforts to find a compromise appear to have paid off.

Political Correspondent MICHAEL MORRIS reports.

WHEN Iscor announced its withdrawal from the R4,5 billion steel project earlier this year, some environmentalists regarded it as a victory, but the West Coast community was in despair

So was the provincial government.

Planning Minister Lampie Fick feared at the time that the loss of business confidence in the province would have devastating ramifications

After all, the project is the biggest single private sector investment in the history of the

sion, though Saldanha Steel executive Bernard Smith said yesterday he was confident they were "in" on the project.

And the Department of Water Affairs has still to approve Saldanha Steel's permit — and much rests on the department following the provincial government's advice that the project use air cooling as far as possible to avoid exploiting ecologically vital water sources in the area

But all concerned are confident the compromise will hold

draft environmental management plan for approval by the Western Cape cabinet;

● The approval is not considered a precedent for extending the general cargo quay at the port or any related secondary industries,

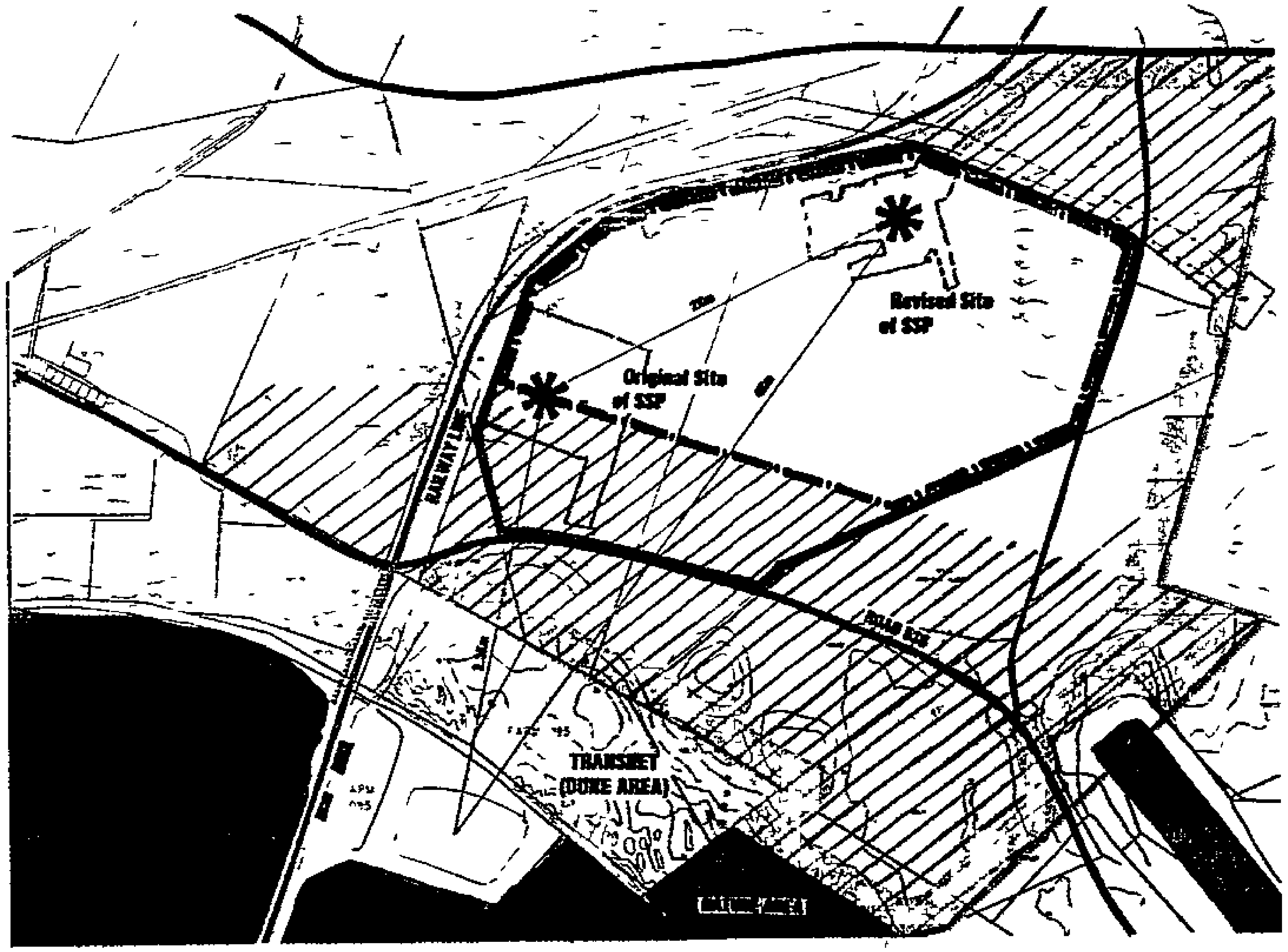
● Any expansion of the steel mill must have provincial cabinet approval.

● No hazardous waste materials containing high concentrates of heavy metal elements may be stored or disposed of on the site but must be

would be subjected to "regular environmental audit and monitoring" by the environmental monitoring committee.

Water usage is a key concern.

Mr Fick said that in view of the shortage of water within the region and the potential demand for it by future developments, the regional government would suggest that tax concessions be considered for future industrial developments, using sea water as an alternative



NEW SITE: This shows the original site of the steel plant, and the new proposed site, two kilometres further inland The red lines indicate the area of the approved rezoning for the plant, while the thin purple line encloses the area covered by the original rezoning application The area within the broad lilac bands was originally proposed for heavy industry in the regional structure plan, but it has been recommended that the areas cross-hatched with green lines exclude heavy industry

Pictures: ROY WIGLEY The Argus

al plant in a low rainfall area and that it could effect the water system of the whole area. These points make a very big difference in our assessment.

"Our feeling is that this is the best compromise site that could be achieved in the real world, where development for people is important, but also where maintaining the ecological character of the wetland is important."

Mr Smith said Saldanha Steel would use air cooling throughout if necessary — or else a combination of air cooling, plus water from a salt water aquifer — at a capital cost of about R57 million, plus running costs

He indicated that Iscor's position was likely to be known soon

"Iscor and the IDC are in negotiations to assess whether the compromise is a solution for them. I have every confidence they will find it to be a solution and will come back to the project," Mr Smith said.

Mr Fick said there had been a pressing need for a compromise because Iscor had indicated it needed an answer by the end of November before deciding whether to look elsewhere in the world for a site

"That was not a threat, or a pig-headed kind of approach" Mr Fick said "It was a clear, plain boardroom decision on the economic viability of the scheme."

World Wildlife SA specialist consultant Allan Heydorn, said of the new proposed site. "We are satisfied that the best possible solution and compromise has been found."

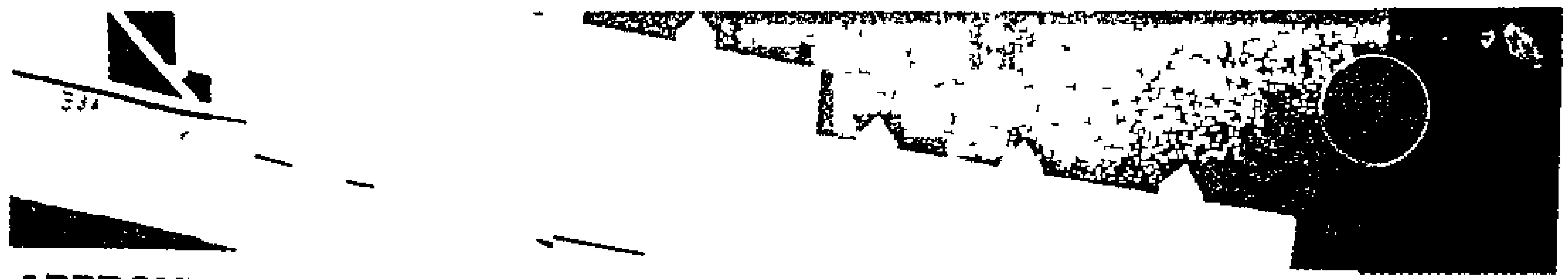
And West Coast community representatives welcomed the approval as "bold and positive step"

● Top Pretoria architect Hannes Meiring, brought in after the controversy over the plant arose, has entirely reshaped the plant, not to hide it, but to create a "positive" landmark.

Citing medieval cathedrals as his inspiration, Mr Meiring said that while the impact of the plant would be softened by imaginative landscaping.

The whole building would be covered in white cladding, but the play of light on the many angles and shapes would soften the impact of its size a compromise appear to have paid off.

Political Correspondent MICHAEL MORRIS reports.



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Planning Minister Lampie Fick feared at the time that the loss of business confidence in the province would have devastating ramifications.

After all, the project is the biggest single private sector investment in the history of the Western Cape

But intense negotiations between all the key players — Iscor, the Industrial Development Corporation, Saldanha Steel, the World Wildlife Fund; government officials and representatives of the Ramsar (international wetlands) Convention secretariat — achieved common cause on a new site, just two kilometres from the original site and four from the shore of the lagoon.

Scores of details have yet to be tied up.

Iscor and the IDC have to formally declare their inclusion, though Saldanha Steel executive Bernard Smith said yesterday he was confident they were "in" on the project

And the Department of Water Affairs has still to approve Saldanha Steel's permit — and much rests on the department following the provincial government's advice that the project use air cooling as far as possible to avoid exploiting ecologically vital water sources in the area

But all concerned are confident the compromise will hold

National Environment Affairs Minister Dawie de Villiers — who holds responsibility for the ultimate approval of the project — has also welcomed the compromise deal

At the heart of the Western Cape cabinet's approval of the rezoning yesterday is a list of tough conditions that must be followed.

Among the key conditions are that;

- An environmental monitoring committee be established and empowered before construction starts;
- Saldanha Steel draws up a draft environmental management plan for approval by the Western Cape cabinet;
- The approval is not considered a precedent for extending the general cargo quay at the port or any related secondary industries,
- Any expansion of the steel mill must have provincial cabinet approval,
- No hazardous waste materials containing high concentrates of heavy metal elements may be stored or disposed of on the site, but must be dumped at an appropriate, licensed site inland, and
- The visual impact of the structure must be "softened by design".

The provincial government has also undertaken to draw up new legislation to provide for "substantial penalties" for contraventions of development conditions, and a new structure plan for the area to guide later development and protect the environment

Mr Fick announced he would "initiate a total environmental and tourism" development plan All future development would be subjected to "regular environmental audit and monitoring" by the environmental monitoring committee.

Water usage is a key concern

Mr Fick said that in view of the shortage of water within the region and the potential demand for it by future developments, the regional government would suggest that tax concessions be considered for future industrial developments, using sea water as an alternative.

He said it had not been easy balancing the requirements of industrial development with the protection of the environment.

The cabinet had found it difficult to "please all stake-holders", but believed it had achieved a "responsible arrangement".

The development would undoubtedly be a "tremendous economic stimulus with far-reaching benefits" to the province.

Settling the water issue was crucial, said Environment and Finance Minister Kobus Meiring, not least because the Saldanha Steel project would naturally attract other developments.

Help was provided by Ramsar officials Mike Smart, a senior policy advisor and Tom Kabii, technical officer for Africa.

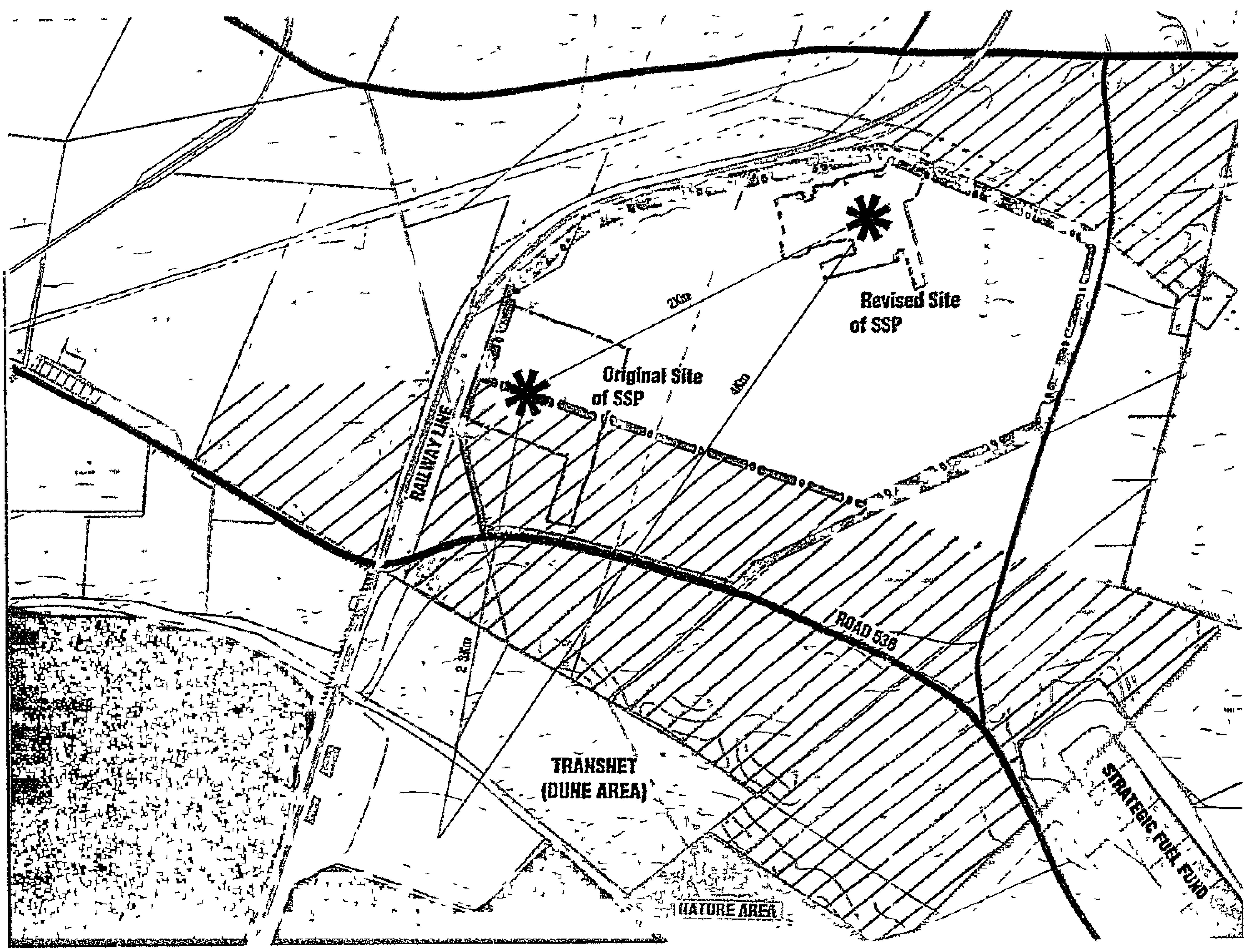
The Ramsar Convention, to which South Africa is a signatory, is an international agreement to protect wetlands and a permanent secretariat is maintained in Geneva

Mr Smart said Ramsar officials were not empowered to enforce any terms of the convention, but could highlight issues and remind signatories of their obligations

There were three main reasons why Ramsar was happier with the compromise proposal

Mr Smart said "Firstly, the fact that the site is higher means the problem of smoke emissions is reduced Secondly, the proposal for green corridors on each side of the plant means there is less likely to be pollution into the wetland area And thirdly, the question of using air cooling instead of water cooling systems is very important Our chief concern was that this was a major industri-

SALDANHA EXECUTIVE: Saldanha Steel executive Bernard Smith at the conference at which approval of an alternative site for the controversial plant was announced.



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Pictures ROY WIGLEY, The Argus

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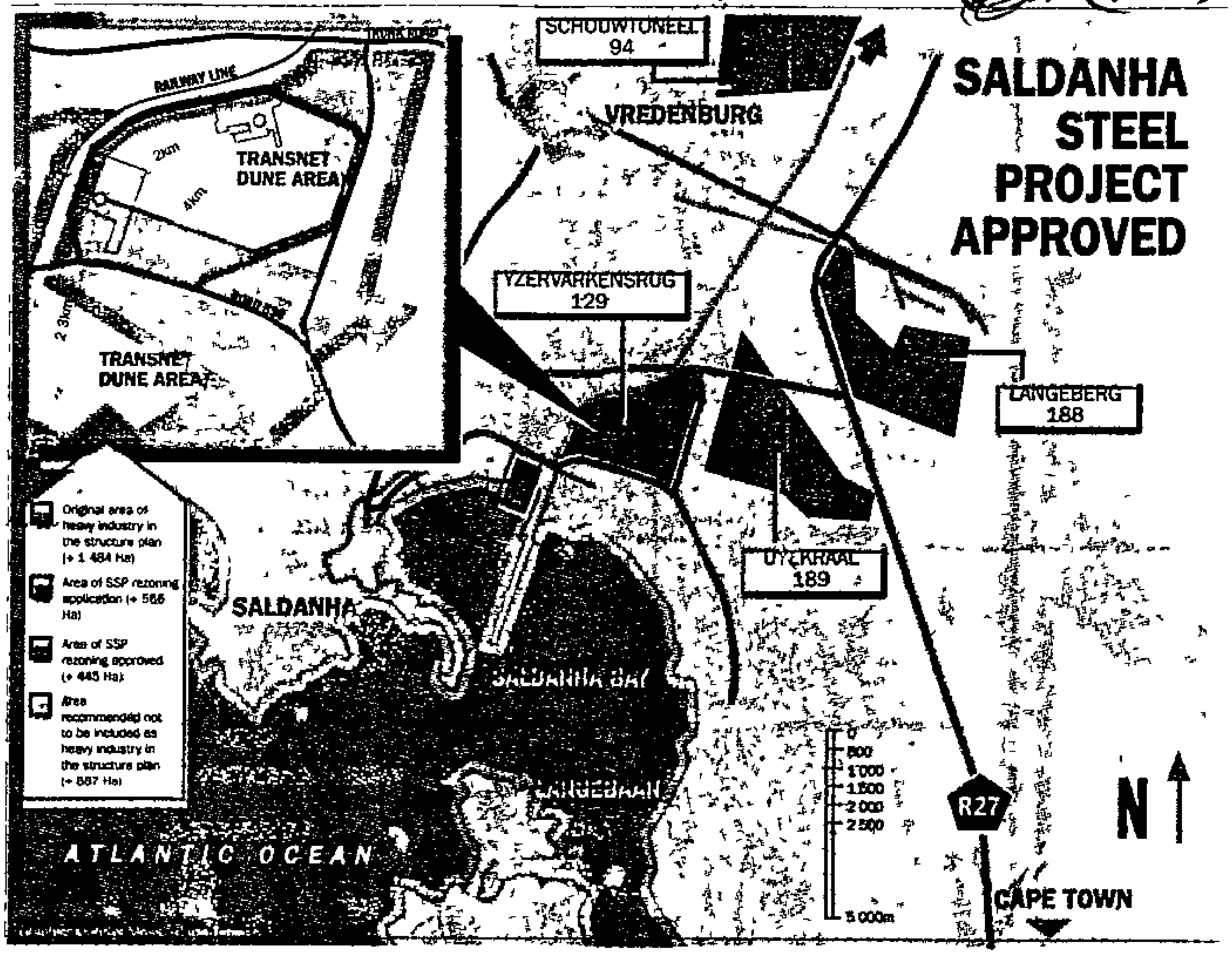
Steel plant to go ahead

CT 9/11/95 (51) (189A)

MELANIE GOSLING



THE controversial R4,7-billion Saldanha Steel project has been given the green light provided it moves 2km further inland — a move which has been met with shock by environmental groups and "disappointment" by the National Parks Board

And Iscor now looks set to come back into the project

The Steyn Board of Inquiry recommended that the steel plant be moved 10km inland to the Langeberg site, or that other inland sites be considered.

Western Cape Minister of Agriculture Planning and Tourism Mr Lampie Fick announced yesterday that the provincial cabinet had approved the rezoning from agriculture to heavy industry of 445ha of the 566ha Yzervarkensrug site — the original area proposed by Saldanha Steel for the project.

However, the steel mill would have to move a further 2km inland within the site, he said, making the steel mill 4km from the shore of Saldanha Bay.

The rezoning would mean the creation of a green belt of about 2km between the shore and the industrial area.

Mr Fick said other inland sites had not been considered as recommended by the Steyn Inquiry because this would have meant "further delays and increased costs and the project would have been lost"

After Iscor had pulled out of the project in September because of delays over rezoning permits, the Western Cape cabinet had "unanimously decided to make every effort to revive and retain the proposed development".

Chairman Mr Hansie Smith said last night: "I'm absolutely delighted that a decision has been taken. For the first time now we know where we can build a steel plant.

"We've been in discussions with the Independent Development Trust and I'm confident we'll be able to put something on the table before the end of November "

The approval was subject to several conditions, which include

- An environmental monitoring committee to be established before construction starts,
- A draft environmental

● Continued on Page 3

Saldanha

(189A)

CT 9/11/95

● From Page 1

management plan to be drawn up by Saldanha Steel for approval by the province,

● Any further expansion of the steel mill will require provincial approval,

● No hazardous waste to be stored or dumped on site,

● The visual impact to be softened by design,

● Approval of the application does not bind any authority to approval of the proposed extension of the cargo quay in Saldanha nor any related secondary industries.

Mr Fick said he had recommended to the Department of Water Affairs that they give preference to air cooling when they considered water applications for the plant

He had also initiated a "total environmental and tourism development plan" for the Saldanha-Langebaan-Vredenburg area, and said the existing structure plan for this region was being reviewed.

While Environment Minister Dr Dawie de Villiers welcomed the move yesterday, National Parks Board head Dr Robbie Robinson said he was "obviously disappointed" the mill had not been sited further inland.

"What I would have really liked was to see it in Sishen. But the 2km inland is a concession from the developers which is pleasing."

Earthlife Africa spokeswoman Ms Liz McDaid said they were "outraged and disappointed".

"Why did we have the Steyn Inquiry if their recommendations are not taken seriously?" she asked.

Wildlife Society spokeswoman Ms Marlene Laros said they were "discouraged" that the recommendations of the Steyn Inquiry had been ignored and said the money and time spent on the inquiry appeared to have been wasted: "The development-at-all-costs attitude still prevails and environmental concerns are not perceived to be bread-and-butter issues"

World Wide Fund for Nature spokesman Dr Alan Heydorn, however, said his organisation was "satisfied that the best possible solution and compromise" had been found.

Ramsar Convention representative Mr Mike Smarte said they had reservations about putting a large industrial site so close to a Ramsar wetland of international importance, "but this is the best compromise which could be achieved in the real world".

Steel project gets green light

From Reuter

Cape Town — The Western Cape government yesterday bypassed a central government inquiry and gave an environmental green light for the stalled R4,7 billion Saldanha Steel project

Lampie Fick, the Western Cape minister of agriculture, planning and tourism, said the mini steel-mill project could go ahead 2km further inland than originally planned and 4km from the Saldanha Bay shoreline

A list of environmental protection measures would have to be met and Fick would recommend to Water Affairs Minister Kader Asmal that the plant be at least 50 percent air-cooled to reduce the burden on scarce water resources

CT (BR) 9/11/95 (189A)

Compromise site for construction of Saldanha steel mill

Star 9/11/95 (189A)

BY ANITA ALLEN
Science Writer

The Western Cape government's approval for the construction of a R4,5-billion steel mill at Saldanha Bay on an alternate site to the original proposal, has been welcomed by Environment Minister Dawie de Villiers.

The approval was announced by Western Cape agriculture, planning and tourism MEC Lampie Fick, who indicated that in a compromise plan the project site had been moved 2km east of the site originally requested.

Fick said the new site had been sanctioned by the Ramsar Wetland secretariat and the World Wildlife Fund of SA. It was also the main recommendation of the board of investigation appointed by De Villiers and chaired by Judge Jan Steyn.

"On November 2, the Cabinet decided that every reasonable effort should be made to find a suitable location to ensure that the project continues," De Villiers said yesterday. "This objective has now been achieved. This proves that acceptable reconciliation is possible between industrial development on the one hand and the conservation of a sensitive ecological system, on the other."

De Villiers also expressed his appreciation that Saldanha Steel had agreed to proclaim a green belt between the proposed factory and the sea, and paid tribute to the co-operative spirit among organisations and institutions that had resulted in an acceptable solution.

"The whole debate surrounding the establishment of the Saldanha steel mill was a positive indication that through wide consultation and by obtaining expert advice, an acceptable compromise can be reached between sustainable development and the conservation of the natural environment," De Villiers said.

The compromise plan has been scrutinised by members of the Ramsar Convention secretariat, the world's leading wetlands protection agency, who visited the Saldanha area to give advice on the project.

The Ramsar Convention, to which South Africa is a signatory, is an international agreement to protect wetlands, and a permanent secretariat is maintained in Geneva to monitc [illegible]ompliance.

A [illegible]ement from Fick indicated that th[illegible] agreement on the huge steel mill ha[illegible] some of the most stringent enviro[illegible]ental controls yet applied in the world, including "extremely rigorous" controls over the use of water.

The provincial cabinet, has also agreed to introduce new legislation to impose huge penalties on Saldanha Steel for any breaches of regulations.

Oil warning by

Iscor holds fire on Saldanha project

Mungo Soggot BD 10/11/95 (SE) (189A)

ISCOR would hold fire on its possible return to the Saldanha Steel project, the group said yesterday, despite the Western Cape provincial government's decision to clear the plant's construction.

The steel producer — which pulled out of the R4,7bn scheme in September — said it would await the outcome of a feasibility study into the project being undertaken by the Industrial Development Corporation.

But an Iscor spokesman said the group was pleased there was agreement on the plant's siting.

The Western Cape government said on Wednesday that the scheme could go ahead, though on a site 2km from its proposed location and with environmental conditions attached.

The decision came despite the recommendations put forward by the environmental Steyn board of inquiry that another site 10km inland be examined.

Judge Jan Steyn refused yesterday to be drawn on the latest twist in the Saldanha Steel saga.

"We did our job," he said.

"The decision was up to the authorities and they must proceed with it further."

Anger over Saldanha compromise

Ramsar accused of 'breaching trust'

ARG 11/11/95

MICHAEL MORRIS
Political Correspondent

■ The Western Cape branch of the Wildlife Society has slammed top Ramsar officials for their role in negotiating the compromise agreement to allow the Saldahna Steel project to go ahead on a new site.

TOP officials of the internationally respected Ramsar Convention have been accused of "breaching trust" and negating environmentalists' efforts through their part in the controversial Saldanha Steel project go-ahead

The strongly worded accusation by Andy Gubb of the Western Cape branch of the Wildlife Society comes as a fresh row over the steel mill project escalates

The Wildlife Society is among environmental groups that have slammed this week's compromise on the project, claiming in part that it ignores the findings and recommendations of the Steyn Commission

This view has been rejected by provincial Planning Minister Lampie Fick

A key role in the negotiations on the new site was played by top Ramsar Convention officials, policy adviser Mike Smart and technical officer for Africa Tom Kabii.

The Ramsar Convention, to which South Africa is a signatory, is an international agreement to protect wetlands A permanent secretariat is maintained in Geneva to monitor compliance

Earlier this week, Mr Smart said of the compromise "Our feeling is that this is the best compromise site that could be achieved in the real world, where development for people is important, but where maintaining the ecological character of the wetland is also important"

However, Mr Gubb responded "The Ramsar officials have breached an important trust by negotiating with parties who stand to gain economically or politically, while not contacting any people-based South African NGOs or community-based organisations"

He added that while the South African government was a signatory to the Ramsar Convention, "there is no doubt that the burden of protecting the country's wetlands falls on the environmental NGOs and people on the ground who play a watchdog role"

"In breaching trust, Ramsar officials have all but negated that role

"The Ramsar officials have seen fit to come into an emergent democracy and negotiate directly with those who have vested interests, without even contacting people or organisations at grassroots level"

On the rezoning application, Mr Gubb concluded that "Iscor has effectively pointed a gun at decision-makers who were all too ready to surrender"

(1994)

Iscor threat to Namibian govt

(89A)

Mungo Soggot

BD 16/11/95

ISCOR has threatened to take the Namibian government to court over its decision to deprive it of mining rights to the Rosh Pinah zinc mine.

Iscor Industrial Minerals GM Chris Wessels said Iscor had told the Namibian government yesterday that unless Iscor reached an agreement with P & E Minerals by November 24, it would take it to court.

P & E Minerals, linked to Namibia's government and some Malaysian interests, was awarded mining rights to Rosh Pinah, although Iscor owns the mine.

There has been speculation in Namibia that Moly-Copper, Iscor's joint venture partner in liquidated Imcor Zinc which used to run Rosh Pinah, is behind P & E Minerals. Moly Copper chairman Diane Ladchi last week refused to comment.

Tongaat-Hulett reaps the benefit of past restructuring

BD 16/11/95 (189A)

Nicola Jenvey

DURBAN — Tongaat-Hulett's attributable earnings rose 37,2% to R138,7m for the six months to September as the industrial group continued to reap the benefit of past reshaping

Sales rose 16,3% to R2,2bn, with strong performances from its aluminium, property, and starch and glucose divisions offsetting a disappointing showing from building materials, foods and textiles

Operating profit rose nearly 34% to R214,7m, with last year's rationalisation bolstering margins. Finance charges fell to R2,9m from R17,3m, leaving pretax profit up 40,1% at R211,8m.

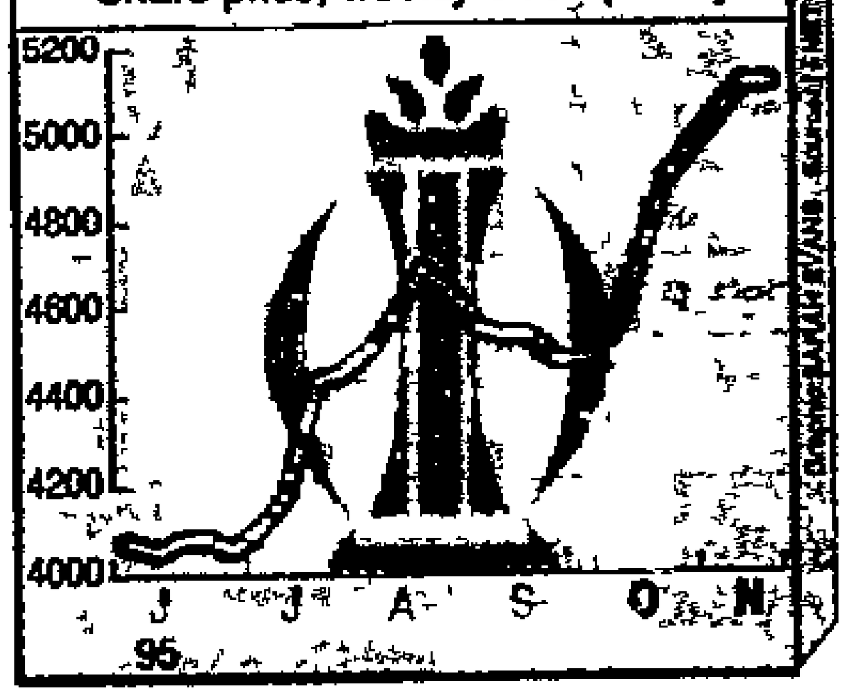
Share earnings rose to 150,6c from a previous 111,3c, while the interim dividend rose 10c to 40c The group will again offer a scrip alternative

Group MD Cedric Savage said the earnings growth had continued the rehabilitation in Tongaat's performance since its restructure.

Though growth in the second half was likely to be lower, he said Tongaat was still heading for a full-year outturn of at least 30%.

Savage said the sugar division continued to be reined in by the drought and the 1995/96 production was expected to be 6% lower than the previous season. Group contribution to industry share would be 35%.

Tongaat-Hulett
Share price, weekly close (cents)



Capital expenditure in the six months amounted to R124,4m with a further R140,3m due to be spent before year-end, as construction began on its R615,7m starch and glucose Greenfields expansion.

The aluminium division had turned in a record showing, Savage said.

This was despite growing competition from imports and lower world prices

The group was still waiting for "a satisfactory decision" from government on the tariff protection phase-down before approving the R1,8bn Hulett Aluminium project, he said.

Savage would hold the first of another series of meetings with government today and hoped for a final decision within a month.

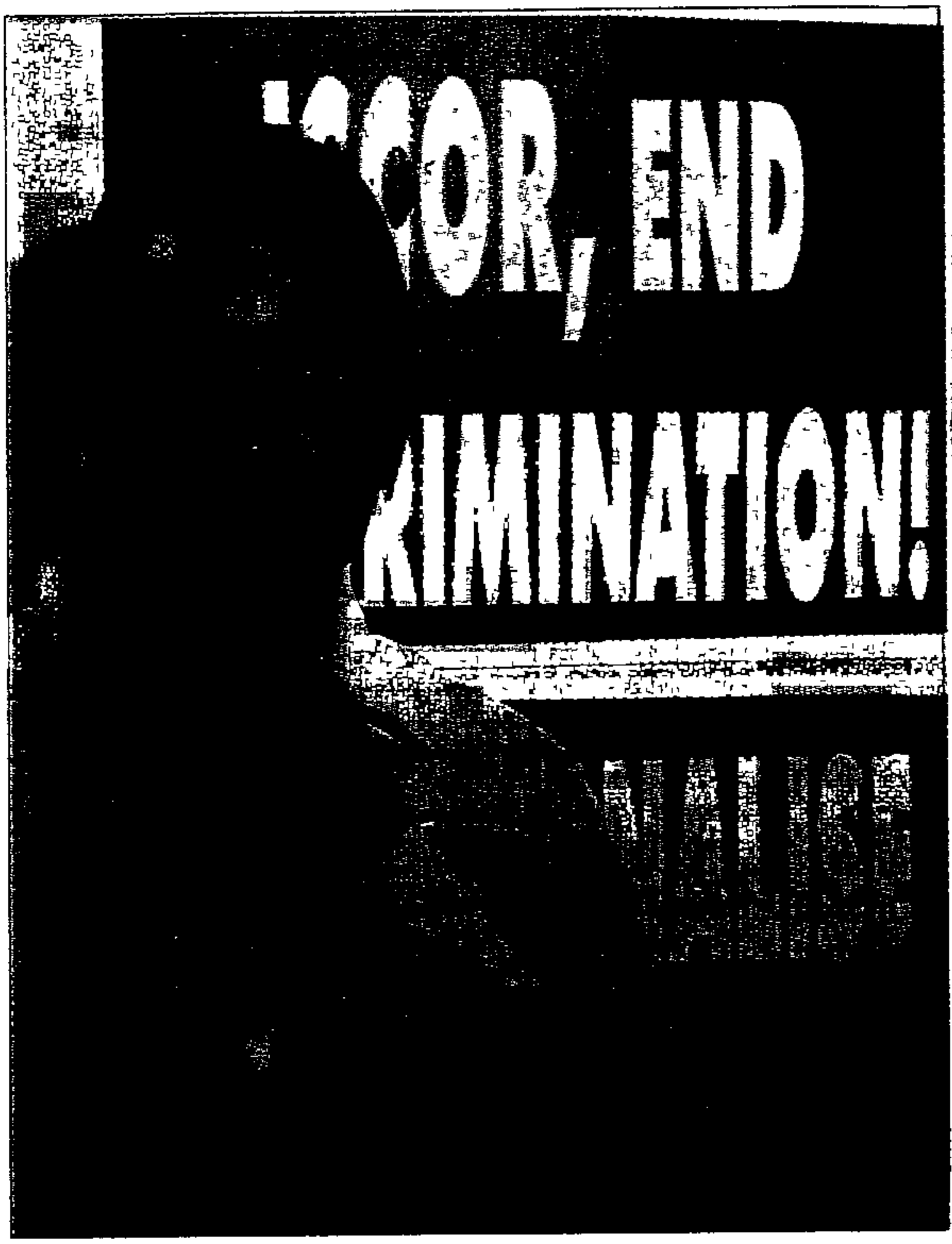
Demand for starches and glucose syrup had remained at last year's level, but was now picking up, while the property division was gaining from sustained business and consumer confidence in KwaZulu-Natal.

But the continued delay on reconstruction and development programme projects and the low seasonal surge between August to December had contributed to below-budget returns in the building materials division.

Delayed commissioning of the CPC-designed factory at Klerksdorp and depressed food sales reduced the consumer foods division results.

Tongaat-Hulett's textile division suffered pressure on margins following an increase in illegal imports.

Savage said that although local demand was weak, production had been reduced slightly and the financial results of the low-cost division had proved "satisfactory".



CAUTIOUS *Bafana Ndebele, a spokesman for National Union of Metalworkers, says it is only in the last year or so that things have begun to improve at Iscor* PHOTO: TRAVIS McCUE

Iscor management has its work cut out

ET (PR) 16/11/95 (189A)

BY ANN CROTTY

Johannesburg — It may or may not be symbolic but it's difficult, when you visit Iscor's head office just outside Pretoria, not to be struck as much by the dominance of the Voortrekker monument in the vista as by the large slab of greyness that is the head office

Iscor management certainly has its work cut out Not only is it attempting to cushion the impact of the highly cyclical international commodities, it also has to ensure its industrial relations profile is more in keeping with the new South Africa — without antagonising the important Afrikaans section of the labour force

Neels Howatt, the general manager, acknowledges "In the early days Iscor was seen as an employer of poor whites, it created jobs for poor Afrikaners just as Transnet

passed on whether or not Iscor's recent performance improvement is sustainable

According to predictions, the top of the present cycle will be reached in 18 to 24 months, after which it's downhill for a few years Then comes the real test of Smith's management style Certainly the balance sheet is looking strong even after stripping out the receipts from last year's rights issue

The group has, and will continue to, extend its exposure to what it has defined as its area of business, the metals and minerals sector, in an attempt to extend its growth cycle and make the bottom line less susceptible to the international commodity cycle

As Howatt tells it, the years ahead will reap the benefits of the Smith-style of management which has been characterised by "a new focus on strategic issues, decentralisation of management, emphasis on cash flow antagonising the important Afrikaans section of the labour force

Neels Howatt, the general manager, acknowledges "In the early days Iscor was seen as an employer of poor whites, it created jobs for poor Afrikaners just as Transnet and Eskom did It used to be very Afrikaans, but it has changed over the years"

That it has not changed sufficiently for the mass of the black workers is evidenced in its rejection by the Community Growth Fund Howatt dismisses this rejection as being based on experience at one or two of the group's operations

The research report, which was the basis of the fund's decision, is highly critical and it is evident the problems are far more widespread than Howatt suggests

What is encouraging is the number of strengths referred to in the report Improved management means it can now afford to embark on an expansionary drive; its training budget amounts to an estimated 5 percent of the payroll, a dramatic improvement on the Breakwater Monitor average of 2,5 percent; about 25 percent of artisan trainees are black (Howatt disagrees, stating a figure of 45 percent) and, 55 percent of the staff undergoing training are black

Performance does little to support the claims of the privatisation lobby

Unfortunately for Iscor, not just because of the exclusion from the growth fund, but because of the implied amount of change needed in the coming years, the report refers extensively to weaknesses in its industrial relations The question is, is management capable of implementing these changes and, what are the implications for the sustainability of the group's recent improved profit and share-rating performance?

To what should one attribute the recent steady improvement in Iscor's profit — the benefits of the group's privatisation in 1989; massive retrenchments and a new managing director in 1993; or just the ebb and flow of the international commodities cycle?

As management would tell it, privatisation has had a major and positive influence on the group's operation: "If you compare Iscor in 1995 with Iscor in 1989, they are two very different companies. Today people work, think and act differently, there's much more enthusiasm. Many of the employees are shareholders and now have pride in their publicly listed company," says Howatt

The unions are far from convinced According to Bafana Ndebele, a spokesman for the National Union Of Metalworkers (Numsa), in the initial years of privatisation there were no perceptible changes It is only in the last year or so that things have begun to improve They attribute this to a combination of the management style of new managing director Hans Smith, the turn in the commodities cycle and the fact that the massive reduction in employee numbers saw a lot of middle and lower-rank managers take early retirement

Certainly the profit performance of the past six years does little to support the claims of the privatisation lobby It's likely to take a couple of turns of the commodity cycle before accurate judgment can be

tible to the international commodity cycle

As Howatt tells it, the years ahead will reap the benefits of the Smith-style of management which has been characterised by "a new focus on strategic issues, decentralisation of management; emphasis on cash flow and an awareness of the need to manage the various cycles in different ways"

To its credit, Iscor has managed to avoid major industrial relations strife in recent years, but it is difficult to see how long this will last if it cannot speed up the pace of change on this front

Minimum wages are among the lowest in the "house agreement companies" According to the unions, workers have no accessible documentation on conditions of employment Although it has won awards, both the National Union of Mineworkers and Numsa are far from satisfied with the health and safety conditions at Iscor, referring to the age and design of the plants which makes for serious pollution problems

These unions also report union-bashing, intimidation and victimisation of workers and the 1,8 percent of management that is black is well below the Breakwater Monitor average of 2,5 percent

One of the most sensitive issues in recent years has been management's approach to retrenchment Ndebele reports that information provided to the union justifying retrenchments has frequently proved to be incorrect "We're told the number of artisans employed at a plant has to be reduced for various reasons, and we subsequently find out they use white subcontractors to do the retrenched jobs" In general, lack of consultation and suspicion have characterised the retrenchment process

But there are signs of encouragement. Last year, in the Newcastle plant, 1 200 jobs were to be cut Numsa stepped in and challenged management on the issue of retraining workers. A programme was implemented whereafter management decided they needed to retrench 559 workers

For its part, Numsa also acknowledges the need for change "In the past we persuaded our members against multi-skilling, now we're demanding training and upskilling Unfortunately now some of our members feel they're too old to start training," says Ndebele

Last year's introduction of a top-level strategic forum at which top management makes presentations to union officials on corporate strategy may assist the process of change Ndebele is encouraged but cautious about the dangers of co-option "The exercise is about an exchange of information. It is useful to the unions, but is not a bargaining tool"

In the longer term, he is aware of the threats to Iscor from more open international competition, bringing in its wake the threat of mechanisation "The pace of change has to be gradual to allow for retraining to areas where there is job growth"

For management, given the extent of change on the horizon, it would be more efficient — and not just politically correct — to ensure employees were on-side

Tongaat-Hulett outdoes forecasts

CT (MR) 16/11/95 (189A) ~~(3) SUGAR~~

By John Sherrocks

Durban — KwaZulu Natal's biggest corporate group, Tongaat-Hulett, outdid forecasts, posting a 35,3 percent increase in earnings a share to 150,6c (111,3c) for the six months to the end of September

Sales volumes from the sugar division were marginally higher but the drought continued to affect performance Rainfall during the July to November period was only 50 percent of the long-term median

Sugar production from group estates for the year was expected to be about 6 percent down on last year's quota, equalling a 35 percent industry share

Turnover for the half-year improved by 16,3 percent to R2,2 billion (R1,9 billion) and operating profit from continuing operations for the half-year rose by 33,7 percent to R214,7 million (R160,6 million) on improved margins

Net interest paid was also sharply reduced to R2,9 million (R17,3 million) as a result of lower average borrowings, for a 40,1 percent improvement in pre-tax profit to R221,8 million (R151,2 million) Taxation absorbed R73,3 million (R50,3 million) and after-tax earnings before exceptional items improved by 37,2 percent to R138,7 million (R101,1 million)

Details of a share capitalisation award is to be announced on November 27

Shareholders may elect to receive an interim dividend of 40c — a 33 percent increase on last year

"The balance sheet remains sound and the net debt to equity ratio, after taking into account cash resources of R136,2 million, is 10 percent, which is satisfactory at the end of what is traditionally the cash-absorbing half of the year," said group managing director Cedric Savage

"Capital expenditure in the period amounted to R124,4 million and an estimated further R140,3 million will be spent before the year end"

The final go-ahead for the R1,8 billion rolled-products expansion for Hulett Aluminium was still awaiting a satisfactory decision by the government on terms of a phased reduction in tariff protection.

Savage said financing arrangements were being negotiated. He attributed the disappointing performance of the building materials division to the continued delay in RDP delivery and the failure of the usual August to December seasonal surge.

SALDANHA BAY

Huge industrial plans afoot

(189A)

Residents of Saldanha Bay/Vredenburg will know within two weeks whether the area will become SA's "new Ruhr complex" A myriad of downstream industrial projects are on the cards for the area once the controversial steel mill, which was given the green light last week by the Western Cape government, opens

All that is required is a commitment from steel giant Iscor, which MD Hans Smith says will be decided on before the end of the month

Among the proposed projects are

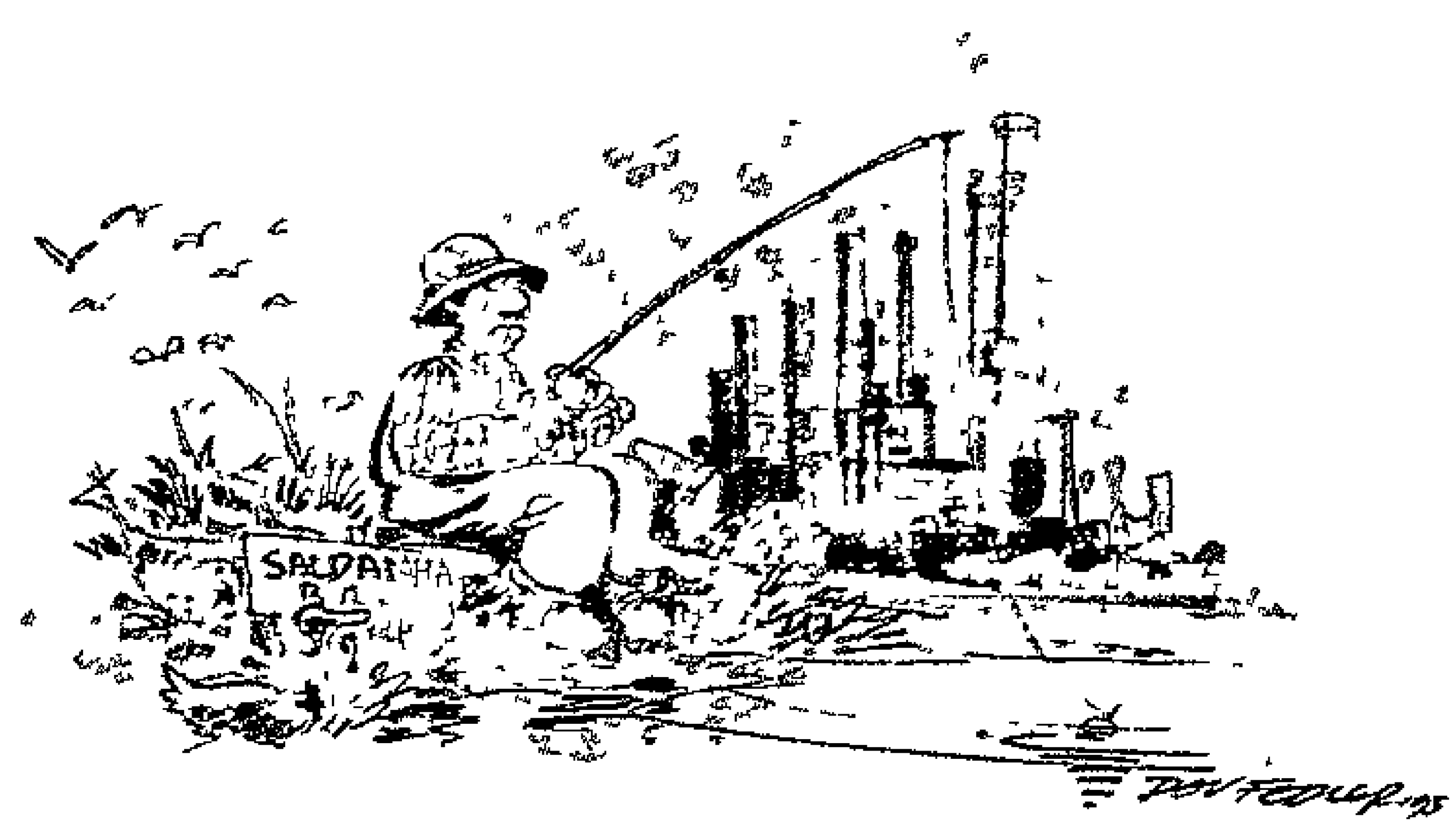
- ❑ A cement factory — Anglo Alpha is investigating its possible involvement — utilising the Corex slag as its major raw material,
- ❑ The erection of a steel pipe manufacturing plant for exports,
- ❑ Stainless steel rolling facilities of undisclosed tonnages, at the minimill, for a third party,
- ❑ A separate cold rolling mill plus coating plant, with a capacity of 300 000 t/year,
- ❑ A separate, but linked, stainless steel mill is also a possibility, and
- ❑ The development of a 3 Mt/year-6 Mt/year iron ore pelletisation plant at Sishen, in co-operation with a Japanese company Most of the product would be exported while Saldanha Steel would use 345 000 t/year

Also on the cards is the possibility of increasing the steel mill's hot rolled coil capacity to 2,5-3 Mt/year at a much lower capital cost than the capex required for the first 1,25 Mt/year This extension, which can only be done with the approval of the Western Cape government and which has been allowed for in the layout of the plant, will require the addition of more iron and steel making facilities and one or more casters, says Saldanha Steel

And, once the Kudu gas field off the southern Namibian coast is developed, this will open the possibility of new, gas-based direct reduction iron, steel and related industries developing in the same area

Since the iron ore reduction plant would represent the largest single investment in such a future expansion, it is considered prudent to place Saldanha Steel at the location with the highest possibility of having natural gas available towards the turn of the century when such an expansion could be realised And, by sharing a Kudu gas pipeline with the Cape Town metropole, cost effectiveness would be further enhanced

The Industrial Development Corp, which has a 50% stake in the steel mill, says the competitive advantage of having all the steel-related plants on site at Saldanha Bay — saving on transport and handling costs — would naturally attract both local and foreign investors to the integrated, downstream manufacturing complex



Meanwhile, Western Cape Planning Minister Lampie Fick has joined forces with the Vredenburg/Saldanha municipal authority in asking for a speedy re-assessment of the industrial development structural guide plan for the area — which would provide for major industrial expansion in the area, following implementation of "the largest private-sector development in the history of the Western Cape" Coupled with this initiative would be a "total environmental and tourism development plan for the area," says Fick

Assistant town planner Jaco Goodwin says inquiries have also been received from Austrian business interests regarding the possibility of linking the existing 45m barrel Strategic Fuel Fund crude oil storage facility at Saldanha Bay with a proposed oil refinery "But, obviously, such a proposal would be subject to far more stringent environmental considerations than those imposed on Saldanha Steel," he says Goodwin says the vacant residential properties on the existing Mossgas property adjoining the steel plant site — which were used during the completion of the Mossgas steel "jacket" — could possibly be used to house the thousands of construction workers that would be employed in completing the steel plant "But we are also looking at

P.T.O.

MILL COSTS SOAR

Massive cost escalation has pushed the total capex bill for the 1,25 Mt/year Saldanha Steel mill from R4,7bn to R6,8bn, says Iscor MD Hans Smith

The huge jump in costs is due to the deterioration of the rand against the dollar, Deutschemark and Austrian schilling Smith says Iscor and joint venture partners Industrial Development Corp (IDC) will, by the end of the month, finally decide on the plant's fate

A major reason for the month-end deadline is that it is the estimated cut-off date to allow for project completion within the period allowed by government to qualify for an estimated R1,2bn (Section 37E) tax credit

But, Smith adds, only R400m of the credit will be available at peak funding, with the balance to be financed from R750m shareholding contributions from each partner (total R1,5bn), export credit facilities and loans from the IDC Iscor has already budgeted for its funding contribution, while the IDC is able to raise the necessary funds

Smith is "positive" about the outlook for Saldanha Steel, though new financial calculations are now being finalised, taking into consideration the approved site — and the uncertain outlook on global steel prices "But we would obviously not take an investment decision that ignores the hard facts," he adds

With the approved site rezoning "in the bag," all that now stands between Saldanha Steel and turning the first sod are these "hard facts" But the R1,2bn tax credit benefits will play a major role in swinging the deal the possibility of negotiating its use for a possible technical training college," he adds

With the huge Namakwa Sands plant, just north of the proposed steel plant site, already a feature of the area's possible industrial future, and with harbour expansions on the drawing board, Saldanha Bay's industrial role seems ensured

Stephan Conradie, associate of Cape Town-based Van Niekerk, Kleyn & Edwards consultants — which has been briefed to draft a new industrial development plan for the area — says approximately 1 500 ha has already been earmarked for heavy and about 200 ha for light industrial zoning in the future coastal metropole "We are also assessing future transport, residential, commercial and relaxation land use needs for the area" ■

GAMBLING

Pig in a poke

Pulling vigorously on a one-armed bandit in Sun City is legal Doing the same thing in Harrismith makes you a criminal

That's what a Free State farmer is arguing in an urgent application before the Bloemfontein Supreme Court this week Adriaan Odendaal has launched an action against Safety & Security Minister Sydney Mufamadi, Justice Minister Dullah Omar and Free State premier Patrick Lekota asking that an instruction from the Harrismith police requiring him to close a small casino be set aside

Citing S 26 of the constitution which provides for freedom of economic activity, Odendaal says it is curious that it's a crime to play a game on one of his slot machines but not in a casino that existed before 1993 He recently opened a small casino in Harrismith under the name Grand Slam Entertainment Asked how this venture coincides with his interests as a farmer, Odendaal says "I was forced into it by the drought and the increase in violence on farms"

In what may become a landmark case, he submits that the moral objection to gambling has long since fallen away And he says his right to free economic activity is illegally circumscribed by the Gambling Act (No 210 of 1993) He adds that the State discriminates against small entrepreneurs while protecting the interests of big corporations such as Sun International

Grand Slam opened its doors in October and promptly received the attention of the local constabulary On November 1, Odendaal was told by the Narcotics Bureau to close Grand Slam's doors within a fortnight After a request for a 60-day extension was rejected, he brought an urgent application for relief

His pleading focuses on two areas that the law is applied unfairly and inequitably in favour of existing casino operators and that constitutional rights are infringed Other factors include potential damages caused by loss of income, expenditure on gambling machines which may become worthless and the loss of any goodwill generated by his business — 18 jobs are also in jeopardy

The case was postponed to this Thursday, November 16, to enable the State to file opposing motions

❑ Adv J du Toit, instructed by De Klerk Mandelstam, appeared for Odendaal

David Gleason

PRODUCE MARKETS

Lettuce be sweethearts?

An impending clash between local authorities and fresh produce farmers is looming as cash-strapped municipalities eye the R2,5bn/year industry as a source of income

Fresh produce markets are owned (and operated) by local authorities countrywide — an arrangement formally supported by the farmers and their agents But concern is growing over the continuing independence of the 15 national produce markets that are widely considered the most freely functioning of all agricultural commodity markets

Some cash-starved municipalities have already investigated possible privatisation selloffs of the lucrative markets to independent operators And, with new municipalities in dire need of cash, there is a temptation for new owners to maximise earnings by renting space to market participants

Farmers, who use the produce markets' daily out-of-hand sales systems, pay a 5% fee on all sales, to the municipalities for the general upkeep, administration and expansion of markets But some fear a new control system might distort future operations

SA Agricultural Union national fresh marketing committee chairman Bertie van Zyl says apart from some municipalities already having shown an interest in getting their hands on "our" money — which is paid into a closed municipal account — vegetable prices play a crucial role in the food inflation basket "Possible financial restrictions to market access might increase fresh produce prices, to the detriment of consumers and the economy"

Van Zyl's company, ZZ2 Beherende Beleggings, together with Botha Roodt, SA's largest firm of fresh produce market agents, made a provisional R93m bid for the R800m/year turnover Johannesburg fresh produce market earlier this year This was seen as a shot across the bows to warn outside investors that any attempts to take over the markets would be opposed

Van Zyl adds that the possible creation of "monopolies" in the freely functioning fresh produce marketing industry would be strenuously opposed by vegetable farmers and their market agents

"Fresh produce markets, with their R125m/year fees, revenues and annual R170m commissions paid to agents, could be seen as attractive investment options for some big institutional investors But such takeovers would remove the transparency and efficiency of the markets, which serve SA well Local consumers enjoy the benefit of the cheapest vegetables in the world"

This weekend, fresh produce farmers and representatives of the Institute of Market Agents will meet to discuss issues facing the sector Representatives of potato, tomato and onion producers (the three fresh vegetable products with the largest annual turnover) are looking into suggestions to divide the ownership and management of the markets, says Van Zyl

Daan Spengler, director of the 63 ha Johannesburg market says the outgoing Greater Johannesburg Transitional Metropolitan Council recently resolved that an offer to take over the market would not be considered without an open investigation involving all role players

"Our fresh produce marketing system is different In most other countries, wholesalers rent market space to sell produce they buy from farmers Here, farmers sell directly through market agents The local system is effective and markets are constantly expanding"

But Fresh Produce Marketing association manager Marianne van der Laarse says an estimated 40%-60% of all fresh produce sold does not move through the markets and is sold directly to retailers, wholesalers and processors This puts a value of about R4bn/year on the total local fresh produce industry

Cape Town Fresh Produce Market director Clarence Meeser says the R358m/year city market has its own management board — comprising representatives of farmers, agents, city councillors, municipal officials and traders — which meets once a month and effectively manages the market

"I doubt the council will ever sell the market, except possibly to a Section 21 management company that would operate it on a nonprofit basis and possibly include trade union representatives" ■

MBSA

Changing gear

Plans to introduce new vehicle ranges are likely to further dilute Mercedes-Benz's traditional image in SA as a producer of luxury cars

Mercedes-Benz of SA (MBSA), whose fortunes are already heavily dependent on sales of its own trucks, as well as Honda cars and Mitsubishi Colt bakkies, plans to

Steel producers join forces to halt dumping

Michael Urquhart

SIX of SA's biggest steel producers have joined forces to block cheap imports of steel on the basis that the imports represent dumping.

Daan Botha of the SA Iron and Steel Institute said at the weekend submissions would probably be made to the Board on Trade and Tariffs by year-end

He said steel producers Cisco, Columbus Stainless, Davsteel, Highveld Steel and Vanadium, Iscor and Scaw Metals were contemplating the anti-dumping charges. (189A)

The institute had already shown that the imports were taking place below the prices in the producers' own markets, and that the imports represented more than 3% of the local market.

It was now attempting to prove injury Once this was established, the submissions could be made.

The submissions would relate to imports of plates, hot-rolled coil, wire rod and deformed concrete reinforcing bars originating from the Ukraine, Russia, Romania, Turkey, France and Sweden

Botha said the SA steel industry already enjoyed protection from a 5% ad valorem duty. The latest proposed anti-dumping application was not an attempt to raise the protective barriers, but to counter the dumping, he said. BD 20/11/95

Cheap imports were increasing, and with the domestic steel market starting on its downcycle, local producers had to be protected from dumping.

Steel mill part of equation

(Sbs) (189A) CT(BR) 22/11/95

BY MAGGIE ROWLEY

Cape Town — The Saldanha Steel mill has already been factored into residential property values on the Cape's West Coast and no further major effect is expected immediately, says Errol Finkelstein, chief executive of Seeff Holdings

He says Saldanha Steel owns land suitable for residential development and has budgeted to develop employee housing

"There is so much residential property available in the Saldanha-Vredenberg corridor that the anticipated demand for new homes will easily be absorbed by sellers who have been holding on to their stands for a long time, on the one hand, and the subsidised housing planned by Saldanha Steel on the other"

Finkelstein said the mill would affect the property market after construction had been completed and the peripheral businesses and supply industries created to serve the mill had been established

This is only likely to happen two to three years down the line

"The ripple effect of the mill on the overall infrastructure of the area, coupled with the impact of Namakwa Sands and the proposed increase in oil importation activity, will all eventually contribute to alleviating the current depressed state of the area"

Finkelstein warned against wild speculation, pointing out that there were "still literally thousands of unsold erven" between Langebaan and Laaiplek

He expected the commercial district of Vredenburg to be influenced first by the construction of the mill

COMPANIES

Columbus imports nickel from Russia

(189A) BD 23/11/95

Mungo Soggot

STAINLESS steel producer Columbus is importing nickel to feed its expanded Middelburg stainless steel plant as it cannot source sufficient amounts from local producers Impala Platinum and Amplats

A spokesman for Columbus — a joint venture between the Industrial Development Corporation, Samancor and Highveld Steel and Vanadium — said yesterday the plant would need 45 000 tons a year of nickel at full capacity, while Impala and Amplats produced only 30 000 tons

At full capacity, Columbus would be able to source only half its nickel locally

"For this reason it is important to start building relationships with reliable offshore nickel suppliers," the spokesman said.

The company would not disclose details of the contracts it had sewn up with offshore suppliers, apart from saying it had imported some nickel from Russia, "one of the more promising sources"

CE Fred Boshoff dismissed speculation that it had struck a deal with a Cuban supplier.

The spokesman said the prices of both imports and locally sourced nickel were linked to prices on the London Metal Exchange, so there was no price advantage to importing

Nickel was a critical input, accounting for 40% to 60% of raw material costs.

Stainless steel production at the company's expanded plant was expected to hit 220 000 tons to 230 000 tons The plant would reach full capacity of 600 000 tons a year by the end of 1997

At full production, it would need 200 000 tons a year of ferrochrome and 450 000 tons of mild steel scrap The company said its ferrochrome supplier, Middelburg Ferrochrome, was on site and would be able to satisfy Columbus' future needs

The operation might, however, run into shortages of mild steel scrap and was investigating "promising alternatives. One of these was to use one of Columbus' arc furnaces to dephosphorise high-phosphorous carbon steel scrap "

Tongaat pressing on with plans for mill

BD 23/11/95 (189A)

Nicola Jenvey

DURBAN — Government's decision to slash aluminium tariffs had not derailed Tongaat-Hulett's plans for a R1,8bn rolling mill, the group said yesterday

Group MD Cedric Savage said Tongaat was still confident government would provide tariff proposals that would meet the plant's needs and that the group would make a decision on the plant within a month

Tongaat said last week that its board had approved the Maritzburg project, but that it wanted reassurance from the trade and industry department over its tariff phase-down proposals before giving the go-ahead

Government's stance has been the main block to the project, which Tongaat is undertaking in partnership with Amic and the Industrial Development Corporation Tongaat wants a gradual tariff phase-down

The board on tariffs and trade said at the weekend that it wanted import tariffs on semifabricated aluminium products cut to 14% from 22% with immediate effect

But Savage said the announcement had not had any effect on the talks with government

The group said it was still confident that the plant would go ahead The plant's supply agreement with Alusaf — another precondition for its go-ahead — was also imminent

Columbus to import nickel for stainless steel plant

(189A) CT(BR) 23/11/95

Johannesburg — Columbus Stainless Steel has entered into offshore contracts to import nickel for its expanded Middelburg stainless steel plant

The company said yesterday that it would require 45 000 tons of nickel a year at full production

"At full capacity, Columbus will probably only be able to source about half of its nickel locally For this reason it is important to start building relationships with reliable offshore nickel suppliers"

Capacity

South African suppliers —Impala Platinum and Amplats — have a production capacity of 30 000 tons a year

Columbus said that it had obtained all its nickel from South African suppliers last year

But as a result of increased production this year and to meet the plant's future needs, the company had entered into offshore contracts for imported nickel

The company said the expanded Middelburg plant was fully commissioned and a phased build-up of production was planned

Production this year was expected to reach between 220 000 and 230 000 tons, 100 000 tons more than last year

The plant would reach its full capacity of 600 000 tons of stainless steel flat products a year by the end of 1997

At full production, Columbus would require 450 000 tons of mild steel scrap, 200 000 tons of ferrochrome and 450 000 tons of nickel a year

Depending on the price of nickel, the metal made up between 40 and 60 percent of Columbus's raw material costs, the company said

Chief executive Fred Boshoff said Columbus had held discussions with the "world's major nickel suppliers" to ensure a reliable cost-competitive supply

"One of the promising sources of nickel is Russia," the company said

Boshoff denied that Columbus had undertaken dealings with Cuban nickel suppliers — Sapa

Bridge over troubled water?

(189A) FM 24/11/95

A plan for a R500m pipeline linking the Mossel Bay gas fields with the proposed R6,8bn Saldanha Steel plant could help to secure the future of both

Not only would the steel plant save 35% on capital costs for its iron-making but the life of Mossel Bay could be extended by up to 10 years.

Integral to this strategy is the four-and-a-half-year upgrade and conversion of the 25 000 BPD Mossgas condensate refinery to an 80 000 BPD conventional liquid refinery, says Hugh Brown, a Johannesburg-based capital projects evaluator, strategist and co-author of a study on the development and future usage of gas resources on the subcontinent.

"To sensibly and economically phase the weaning of the refinery off gas and on to liquids, detailed and sophisticated planning is required. And, to attract private-sector involvement in the refinery, a beneficial set of tariff and tax regimes would be needed, for about 10 years"

Brown says other preconditions would be to cut operating costs at Mossgas (and possibly the flow rate through the refinery) by "at least 20%, to self-fund offshore interim developments. These include the installation of variable compression and drilling three additional wells, at a cost of R300m, to get you to 2001."

Based on current Bredasdorp mining lease area gas reserves and an analysis of future demand for gas in the Western Cape — including Saldanha Steel — the required flow rate could then be sustained for eight to 10 years after switching

Brown says the strategy, which would take five years to implement, involves

- Starting the five-year conversion of the Mossgas refinery in 1996, perhaps with private-sector involvement;
- Waiting for two years, then starting the pipeline from Mossel Bay to Saldanha and the gas iron reduction plant (which will take three years to build) so that all three projects can be completed at the same time

Government would recover some of its lost billions by extending the use of Mossgas and the liquid refinery would become a far more valuable asset Also, Iscor would save on capex by substituting its coal-based Corex iron-making plant with a far cheaper gas reduction plant.

Iscor MD Hans Smith says his group would consider the gas option, provided the Mossel Bay, Kudu or even the Pande gas fields can make gas available at competitive tariffs within a short time frame. But, he adds, this would not seem an option within the next five years — even though it has been proven that gas-powered iron plants can effectively do the job

Brown says that, with a large number of global steel mills moving towards completion, the thin strip steel market is heading for maximum capacity, which will bring prices down.

"The solution for Saldanha Steel would be to build the gas iron reduction plant first, to supply the growing global demand for iron set off by the proliferation of new, scrap-based, steel minimills The demand for iron should remain buoyant, even during the downturn. The steel portion of the mill can be planned for later, when the global market goes into its next upward cycle."

Smith . *Mossgas lifeline for Saldanha Steel?*

This strategy includes increasing the capacity of the iron plant to 2 Mt/year (from a proposed 1,45 Mt/year).

"The best option for Iscor would be to close the book on thin strip steel at Saldanha until the timing is right, to wait for gas (which should become available, after final Mossgas refinery conversion, by about 2001) and to go the iron route first. And a gas-fired iron plant will be far less polluting than coal-based technologies," he adds.

Another benefit is that this strategy would avoid the risk associated with bringing Corex on line in a tight time window when the nature of the technology applied on such scale is not well understood.

Gas-fired operating costs would be about 15% higher than Corex. But, with the substantial savings on capex (using gas), based on a constant dollar analysis, including finance charges, the result would still be that thin strip steel produced from the minimill would be 10% cheaper than a similar product flowing from the Corex process

"When the Mossel Bay gas can no longer sustain the flow rate required by the Western Cape market — in about 10 years — Kudu gas could start That would presuppose that the owners of the Kudu field, off the Namibian coast, would start developing this within the next few years."

Another option for using the gas from the huge Kudu field would be smaller, coastal, gas-fired power stations. "This would be far cheaper than building another nuclear power station And, with growing global demand for pollution controls and scrubbing of noxious gases from Eskom's coal-fired Mpumalanga power stations, such additional environmental controls would also effectively make new coal stations, with transmission to the Cape, more expensive than gas-powered stations in the Cape"

Brown says Britain and the US already operate gas-driven power stations.

An Eskom spokesman says that though the utility looked at the gas option, it decided that the short-term solution for the growing power needs of the Western Cape would be to increase — even double — the capacity on existing transmission lines from the coal stations in Mpumalanga.

"Our study over the past 18 months looked at usage of Kudu gas. We also considered Pande and the possibility of exploiting the methane gas reserves of the Waterberg coal fields. But, with coal far cheaper than gas as a power source, it seems unlikely that Eskom would now choose the environmentally cleaner gas route."

But he says gas would become an option if demand for power surged in the area following a steel-based industrial lift-off. Or gas could be used as a direct, domestic and industrial energy source.

But this leaves Mineral & Energy Affairs Minister Pik Botha pondering what to do with the R12n Mossgas synfuel fiasco Options, though tenuous now, could include converting the refinery to handle liquid fuel

However remote it may seem, the synfuel white elephant could be privatised, in a partial sell-off to Far Eastern equity partners who have shown an interest, or sold off as a going concern to local or overseas investors, allowing government to recoup a meagre portion of its lost billions. But talk is cheap and despite an extensive US$100 000 feasibility study conducted for the Taiwanese, the possibility of a sell-off remains just that — a possibility

HULETT ALUMINIUM

(189A) FM 24/11/95

Tariff threat to new R2,5bn plant

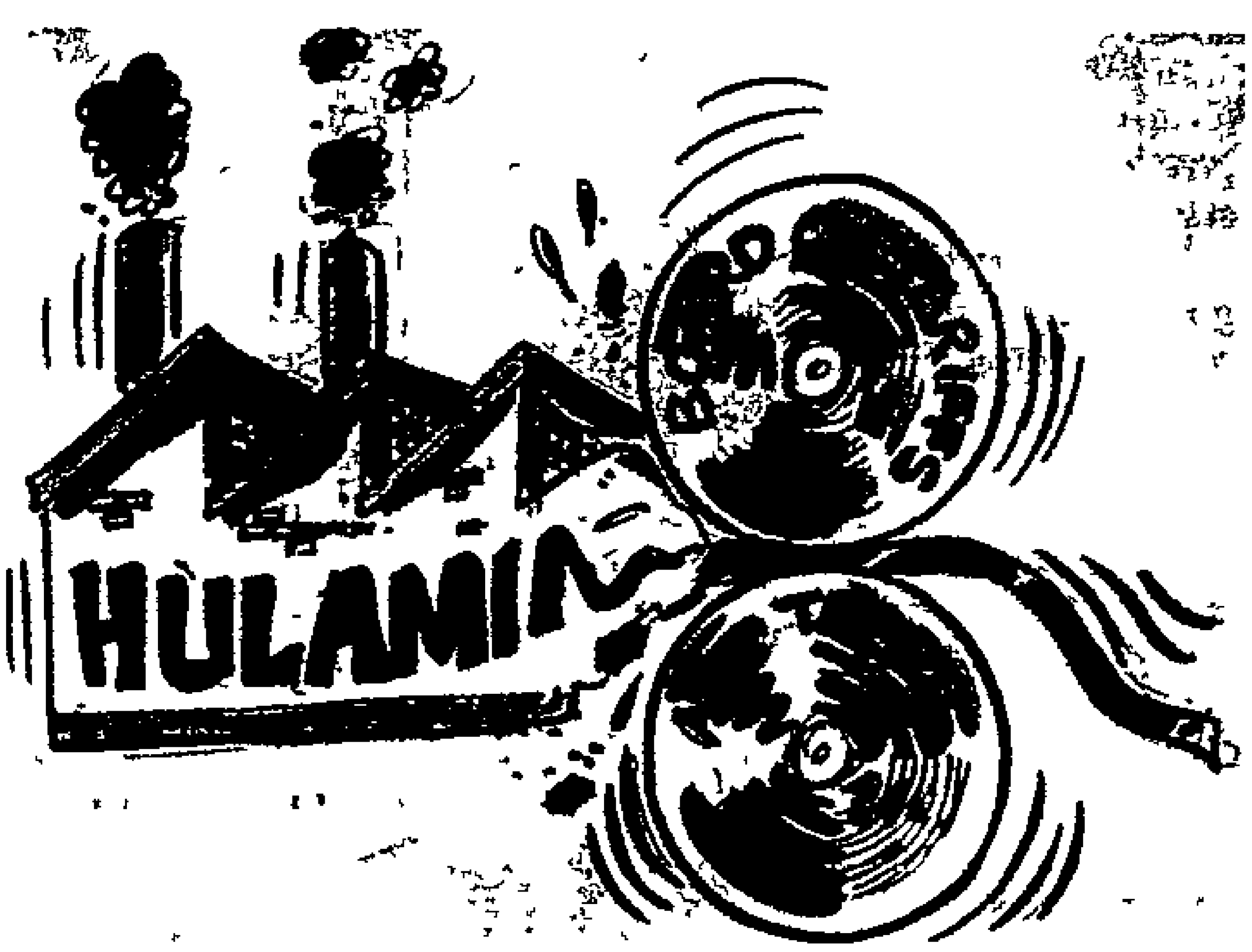
Tariff reductions on semifabricated aluminium products have put yet another question mark over Hulett Aluminium's (Hulamin) new R2,5bn hot- and cold-rolling aluminium milling facility at Maritzburg. The reductions, which were gazetted last Friday, call for the immediate slashing of import tariffs from 22% to 14% with a further reduction to 5% within the next five years.

At the time of going to press Hulamin was locked in urgent discussions with the Board on Tariffs & Trade (BTT) in an attempt to resolve the impasse.

But, the longer implementation is delayed, the higher the costs will escalate — the latest R2,5bn capex estimate is already well up on the R1,8bn cost estimate of November, 1994, says Hulamin MD designate Peter Staude, who is also the current MD of Tongaat-Hulett's rolled products division

"If we could finalise the decision this year, the first hot-rolled coil could be produced by January, 1999," he says.

Further plans exist to expand rolling mill coil production to 400 000t/year, which should also increase volume exports.



Stander says the planned rolling mill expansion would take the plant's existing 50 000t/year capacity to 150 000t/year by 2001. But, he says, with expanding local demand, he doubts whether exports would exceed 30% of total production, which was the norm before the current economic upturn. "We would like the new tariff levels to kick in at 15%, as from 1996, while the BTT has proposed that tariffs should, by next year, already fall to 12%."

He adds that the BTT has already slashed Alusaf's tariff protection to zero "But we are hopeful that our discussions with the BTT and the Department of Trade & Industry will prove fruitful," says Staude.

The Industrial Development Corp has a 30% shareholding in the joint venture, Amic 20%, while Tongaat-Hulett holds 50%.

As Hulamin tries to sort out its tariff problems, Alusaf — which will provide the aluminium for the proposed rolling mill — has indicated that other downstream options might be considered, unless Hulamin can get its act together within the foreseeable future.

"We have never been in the downstream business, but if Hulamin should decide not to go ahead with the rolling mill, who knows what might happen?" says Alusaf MD Rob Barbour

Alusaf, whose new R5bn Hillside smelter commenced production in June and which should reach full capacity of 466 000t/year in 1997, has been waiting on Hulamin for more than a year to sign a long-term metal supply agreement

Last week, industry rumours indicated that the signing was imminent — but after the publication of the new tariffs Hulamin cried off

In November, 1994, Hulamin postponed its expected board decision to go ahead with the rolling mill (estimated capex at that stage R1,6bn) until February, 1995 Market and price uncertainties were then seen as probable reasons for the delay, as aluminium prices had, within a year, doubled to more than US$2 000/t. But February came and went — and still no decision. Another reason (apart from high feedstock prices) was the perceived uncertainty in the African market for beverage cans

"Currently, exports are down to about 10% of production, but these should take off again, as output at the new plant increases," says Staude.

Beverage can production for the local market should also absorb increasing volumes, as new technologies would allow the group to produce the can tops locally These are still imported, with the can bodies pressed locally

But the tariff bugbear remains — and will have to be sorted out, to mutual satisfaction, before Hulamin can put its plans into action

"The key issue is the phasing out period and the levels by which tariffs are reduced If the BTT meets with our request to reduce tariffs from 15%, down to 10%, over a longer period, we can go ahead. But if the decision is delayed for too long, we could lose the project," says Staude.

In which case Gencor, as key "driver" of the Alusaf operation, would have to think again about possible downstream beneficiation — or about finding other local (or export) markets for its steadily escalating Hillside production. ■

PANDE GAS

Paying the piper

FM 24/11/95

The Industrial Development Corp and US energy giant Enron are locked in negotiations which could see gas from Mozambique's Pande gas fields used for major industrial development at Phalaborwa in the Northern Province

Enron, which recently signed an agreement with Empresa Nacional de Hidrocarbonetos de Mozambique, has been given six months by the Mozambican government to find an SA customer for its proposed US$700m gas field development.

The target now is Palabora Mining's 200 Mt stockpile of discarded magnetite (iron oxide) tailings The aim is to reduce and beneficiate the magnetite to iron carbide for use in steel-making.

Houston-based Enron spokesman Carol Hensley says the $13bn corporation will be able to deliver gas to SA by 1998 after a customer approves the completion of a 900 km pipeline from Pande. "But," she adds, "we are not totally dependent on the iron carbide plant and are also talking to other prospective SA customers"

Though Iscor is also interested in the development, it is looking at other processes such as coal-fuelled iron reduction Magnetite contains about 60%-70% iron and carbide 85%-95%

Palabora Mining MD Frank Fenwick says indications are that Pande gas could be too expensive as a reduction fuel. "We are

TONGAAT-HULETT (189A) FM 24/11/95

Advances all round

Record growth in financial 1995 (EPS up 53%) set high expectations for Tongaat-Hulett's performance in the year to March 1996 The 35% increase over the six months to end-September is a pleasing result, particularly as Tongaat tends to be a second-half group

REFINING PROFITS

Six months to	Sep 30 1994	Mar 31 1995	Sep 30 1995
Turnover (Rbn)	1 93	2,21	2 24
Operating income (Rm)	161	[illegible]	215
Attributable (Rm)	[illegible]	[illegible]148	139
Earnings (c)	[illegible]	[illegible]3	151
[illegible]		70	[illegible]

More important is the resilience of the redefined portfolio which comes through in these results

It was not plain sailing for the seven divisions which now constitute Tongaat's restructured businesses But whereas in the past a couple of divisions tended to suppress results, all are now making a positive contribution to profits

Group MD Cedric Savage says a record performance from the aluminium division, with firmer demand for starch and glucose products and solid results from the property division, offset below-budget performances from the building materials, foods and textiles divisions

With the portfolio now strongly focused on growth areas, results are more sustainable despite some problem areas An emphasis on achieving real savings in cost per unit is apparent in operating margins, which widened from the year-ago 8,3% to 9,6%, feeding the 34% increase in operating profits from a 16% rise in turnover

Building materials are still waiting for RDP spending to take off, particularly in the public sector where the division stands to gain from new infrastructural development like schools and clinics

Consequently brick stocks are rising and production is being curtailed at some factories But Savage notes a rising trend in the number of building plans being passed, and expects demand to pick up when the new local councils settle into office

Demand for food products has been flat, but high operating costs hit CPC Tongaat Foods through commissioning delays at Klerksdorp, where two factories are being resited into one

"We are rationalising our range of products for the new plant, which just took too long to commission, though it is now operating satisfactorily," Savage says

Textiles, structured as a low cost operation, put in an acceptable financial performance though production has been reduced slightly Savage says the main problem here is illegal imports, about 90% apparently slipping through the duties net

Changes to the group and benefits from restructuring are most notable in Tongaat's ability to limit the effects of the drought on the sugar division Traditionally the core of Tongaat and the largest contributor to profits estimates put this season's sugar production at 584 000 t, 6% down on the previous period Industry share has been lost, slipping from about 40% of total output of 1,66 Mt to 35%

Over the first half sugar was only the third largest contributor to pre-tax profit, behind aluminium and starch and glucose Yet underperformance here did not detract substantially from the bottom-line result

The upside is that sugar, as well as building materials, can recover very quickly Should both kick through it will add impetus to EPS growth, which Savage believes will improve by at least 30% for the full year

Plans for the expansion of the rolled products aluminium mill (R1,8bn in today's money, possibly as much as R3bn once completed) seem close to being finalised

The remaining obstacle appears to be some assurance from government on the phased reduction of tariff protection from 15% to 10% (see *Business*)

An agreement between Alusaf and mill joint venture partners Tongaat, Amic and the IDC will probably be signed this week, Savage says

Financing remains an interesting question (as a 50% partner Tongaat is liable for half the cost), though the balance sheet is strong Savage says sufficient financing is in place for Tongaat's earnings base not to be affected

At R53,50, the share is trading at its highest in the past year A p e ratio of 17,1 is below average for the Food sector, but assuming robust EPS growth of, say, 33% the forward p e declines to around 14,5 That offers value for a group which is establishing a sustainable earnings base with considerable growth potential *Shaun Harris*

Tongaat-Hulett develops its taste for sweet success

SUGAR

Sunday Times 26/11/95

JULIE WALKER

DIAGONAL STREET

CEDRIC Savage's comments about lower-than-average rainfall came a week too soon but it is a matter on which he is happy to have erred

The Tongaat-Hulett managing director's comments came with the diversified group's interim results to September, announced a week ago Turnover from the group's seven operating divisions climbed 16% to R2,2-billion and earnings a share by 35% to 150,6c

"Sugar is a fairly robust crop but four successive years of drought haven't done it much good," says Mr Savage The latest estimate for Tongaat's 1995 sugar crop is 505 000 tons — 6% below last year s Grown on 35 000ha, Tongaat's sugar accounts for a third of the SA share of industry production

The land on which sugar is grown is in demand for alternative use and Mr Savage says the best returns have to be worked out carefully Tongaat's property division carries out the analysis It is the leading developer in KwaZulu-Natal and makes a substantial contribution to cash flow and profit In the year to March, property chipped in R13,5-million and is expected to do much better this year

The big profit contributors are sugar, aluminium and starch and glucose, followed by textiles, building materials, property and consumer foods Tongaat's biggest project, the expansion at Hulett Aluminium in Maritzburg, is also the largest ever to be undertaken without government incentives of any kind Production capacity at the rolled products plant will be trebled to 150 000 tons a year

Itemised at R1,75-billion, Mr Savage says the escalated cost will exceed R3-billion "It involves the installation of hot-rolling facilities to produce a multi-purpose range of aluminium products" One such application will be can ends and whole can bodies for use in the beverage industry — these will be supplied to Rheem, the drinks-can maker owned by Highveld

The penultimate hurdle was close to conclusion this week when Tongaat and Alusaf approached agreement on a contract to supply the plant with R2-million a day worth of aluminium — no small beer "The cost of aluminium is the largest input cost in the whole process," says Mr Savage The Hulett plant adds 50% on to the value of the raw material in the downstream process

The final hurdle concerns tariff reduction The government and Tongaat had agreed on a reduction in tariff protection from 22% to 15% — a figure endorsed by the Uruguay round of Gatt talks earlier this year But the government now wants to phase down to 10%

"There are plenty of examples of higher protection — for example, Brazil's exceeds 20%," says Mr Savage "We can agree to go to 10%, but differ on the time horizon However, I am confident that we will resolve the issue before the end of the year Once we have, the project can get under way almost immediately" It will take three years to commissioning, and should run optimally from about year six Mr Savage says aluminium is a growth metal used in many new applications

To fund the project, Tongaat has sold a half interest in its aluminium division, 30% to the Industrial Development Corporation and 20% to Amic "We started by looking at the project's end to see how much we could afford to keep and what to sell By keeping half, we can still achieve our group objective of real growth in earnings for shareholders"

The scale of the aluminium project overshadows what in its own right is an enormous greenfields project at Tongaat's African Products to make starches and glucose syrups Both projects are intended to meet local and export demand.

Tongaat manages to export textiles and many other products into what is a hostile world.

"I went to the Far East this year and saw how ruthless some of the world's companies can be They simply close a factory and move it to a developing country next door where wages are as little as $15 a month There is no concept of social responsibility and for South Africans it is a bit of a shock to see"

A former Sacob chairman, Mr Savage has been invited by the government of Australia to visit the country to discuss industry policy matters this month.

Mr Savage describes the stakeholders in Tongaat as Team South Africa "It is not a case of management against government or labour It is all of us together against competitors from the rest of the world We don't need to argue internally, we have to find solutions"

I chose Tongaat-Hulett as one of my top 20 shares over five years and I'm not looking for an early substitution. At a year's high of R54,50, the share is on 17 times the past 12 months' earnings

The whole market is flying, but Tongaat can be bought on any setback

Samancor closes Japanese deal

(189A)

Michael Urquhart

BD 27/11/95

GENCOR's ferroalloys producer Samancor has entered into a 50/50 joint venture with Japanese chemical group Tosoh Corporation to supply manganese metal products to Japan, extending a series of agreements which secure markets for Samancor

The deal, concluded between Tosoh and Samancor subsidiary Manganese Metal Company (MMC), would allow MMC to produce a greater range of specialised value-added products, including Altos Briquettes, for consumption in the aluminium industry.

The Tosoh Altos briquetting plant was dismantled and transported from Hyuga in Japan to MMC's facility in Nelspruit, where it was re-erected

Samancor finance GM Chris Norval said the joint venture represented only around 5%-10% of Samancor's total manganese metals production, but the products had high added value

Including its supply agreement with Columbus, Samancor sold more than 50% of its chrome production through marketing agreements, although only a small proportion of manganese production was sold this way.

To increase the proportion of manganese sold through long-term marketing agreements, Samancor would look to conclude such an agreement with the ferromanganese plant it was helping build in Saudi Arabia It was also looking for a joint venture in China

Norval said the aim of these joint ventures was to secure alloy production capacity Over the past five years Samancor had increased the portion of production it sold as alloy from 5% to between 55% and 60%.

Iscor's poison-pill deal causes alarm

CT (BR) 27/11/95 (189A)

By Bruce Cameron

Cape Town — The disputed link-up between steel giants Iscor and MacSteel will see Iscor surrender its rights to all its harbour and shipping facilities in the proposed new joint venture company, MacSteel International, if a number of conditions are not met

As well as this, if the conditions are not adhered to, all its existing international agents will be excluded and it will face tough penalties in favour of MacSteel, including a punitive loss of its share in the new company

A copy of the contract, which is now in the possession of Business Report, also contains a poison-pill clause to prevent the state nationalising control of Iscor The state has retained a 16 percent holding in the former parastatal through the Industrial Development Corporation

The agreement is to be raised by Democratic Party MP Ken Andrew and Trevor Manuel, the minister of trade and industry, when he returns from Canada this week

The deal is under the scrutiny of the Competitions Board following a complaint by Durban-based MacDonald International, which competes with MacSteel, the country's single biggest unlisted company, in the iron and steel export market

MacDonald claims the deal will give MacSteel a stranglehold on the export of steel and iron products from South Africa and will exacerbate Iscor's dual pricing system, which sees it pricing its products about 30 percent higher on the local market

Copies of the contract are being circulated among opponents of Iscor's dual pricing system, who claim that downstream producers cannot compete in international markets because of the high cost of steel in South Africa

The contract is also in the hands of opponents to the proposed Saldanha Steel project on the Cape West Coast, who are concerned that MacSteel could gain control of the harbour facilities

The deal is also bringing secretive MacSteel, which grew rapidly during the sanctions years in the 1980s by trading Iscor steel on international markets, under the public spotlight

Steel industrialists are puzzled by many of the clauses in the deal, which they say favours MacSteel and particularly the Samson family, which controls the company

In terms of the contract, Iscor will pay above-market commissions to the joint venture company, which will be based in The Netherlands and will be 50 percent held by Iscor and 50 percent by MacSteel

The contract gives MacSteel International exclusive export rights to nearly every product in which Iscor deals, from pig iron, scrap and reserve stocks to seconds and coke Iscor will also try to include all products from Saldanha Steel, and all iron ore exports could also be included

Iscor will cede its rights to all its harbour and shipping facilities to the joint venture In terms of the contract, Iscor must terminate all its existing steel export agent contracts and if it cannot do so, it must pay the difference between lower commissions to existing agents and the higher commissions due to be paid to the joint venture company

Eric Samson, for as long as he remains chairman of MacSteel, will have the right to appoint the executive deputy chairman and the chief executive officer of MacSteel International

If Iscor defaults on terms of the contract there are serious consequences for the steel producer, including penalties and loss of its shareholding in MacSteel International And if the default, which includes steel targets dropping below fixed levels, occurs within the first five years of operation of the joint venture, there will be huge losses incurred by Iscor in the value it would be paid out for its shares in MacSteel International

MAIL & GUARDIAN
October 27 to November 2 1995

Dreaming of a new future for Iscor

(18 9A) MG (DM) 27/10 - 2/11/95

Iscor's Hans Smith discusses his dreams and aspirations for the organisation with **Aspasia Karras**

HANS JURIE SMITH, managing director and soon to be chairman of Iscor, describes himself as 'a bit of a dreamer' He has a vision of Iscor becoming a large international player in the commodities business with the potential to grow even faster than either Anglo American or Gencor did "But I don't want to produce golf balls and pantihose, it's tempting, but I won't," he quips.

Smith's main objective is to retain the core competencies of the organisation, and its character His job, however, is not enviable, as he has to counterbalance this high risk vision, with the other role he has decided to play, that of the champion of the shareholders.

Smith argues that he is amply qualified to deal with all the ramifications this entails — after all, he has had extensive exposure to fields a typical chief executive would never engage in

His training and experience as a metallurgical mining engineer, a market researcher (including a stint at the Harvard Business school), as an investment analyst at Gencor, and at Transtel, as well as heading up the chrome and titanium divisions at Gencor, prove that he is the ultimate techno-rennaisance man It

Hans Smith: I don't want to produce golf balls and pantihose

is this multi-disciplinarian approach that, he claims, puts him in the right place to do the job.

His primary product also seems to be positively situated, what with the growth in the white goods market, and the renewed economic activity in South Africa. As the market gears up for the Reconstruction and Development Programme (RDP), steel is in greater demand

The price of shares has risen by more than 16 percent in the last year, and Smith reports that the results were not from a rise in sales, but from a rise in local demand

Iscor produces six million tons of steel a year, a figure which it plans to cut to five million tons He rationalises that a reduction in volume, will result in an increase in productivity, if the company can continue to sell its prime product in the local market.

Above all Smith is a pragmatist. "We have no great ambitions to produce more or cheaper steel " His statements rise out of the present debate that was opened by Columbus chief executive Fred Boshoff's comments that the stainless steel semis business is not really viable or profitable in the long run and that producers should rather concentrate on further beneficiating their products.

Smith's response is complicated, but essentially illustrates his desire to ensure his shareholder's return.

His first point is that Iscor has two new stainless steel semis projects on the cards. The first is a large scale conversion of the Pretoria Works from carbon to stainless steel production. It intends to be in full production of 40 000 slabs a month by July 1997.

A second smaller plant producing about 10 000 billets is envisaged for Durban Iscor has a 50 percent shareholding with an international investor and the plant will come on stream in about 12 months time

Clearly Iscor will continue to pursue this aspect of the business, and the argument to do so is based on market forces

Iscor dedicates one-third of its production to black band and the rest to slabs, but the market risk is high in beneficiated products, and Iscor strives to keep the cost risk ratio steady for investors

The difference between Columbus and Iscor is essentially one of positioning in the market place. Iscor's initial costs are usually nine times higher than those of Columbus, so they are in a high risk area, and have to compensate by moving stable products.

Smith points out that Columbus can in fact tolerate a lower rate of return, because they are dealing in a growing market whereas Iscor is not dealing in growth commodities when it comes to steel.

He uses a similar argument to explain Iscor's withdrawal from the Saldanha Steel project. "I do not get paid to make popular decisions but to make the right ones. I cannot go ahead if it does not make sense to my shareholders "

'I do not get paid to make popular decisions but to make the right ones. I cannot go ahead if it does not make sense to my shareholders'

Iscor was hoping that the Saldanha project would replace the tonnage that the company is now losing from the Pretoria Works conversion, but only at a decent rate of return to investors

He rationalises that the delay in production was pushing costs to a level that was not sound for the investors risk-reward relationship

Even though the Industrial Development Corporation has shown great tenacity and is looking at ways to restructure the project, and political pressure to continue is high, Smith is adamant,"We simply cannot go on with the project in its present form even though returns with increased costs still exceed the rate of return."

Smith's vision for growth, however, is followed through by the company's proposed investment in the mining sector The potential for volume growth is huge, but these are high risk projects with less than 10 percent chance of coming off

It is looking at possible investments in coal mining in Australia, and titanium, ilmanite and Sishen iron-ore mining in sub-Saharan Africa.

Smith appears to be more than amply repaying the confidence Iscor showed in him as a young man when they gave him a scholarship to study at Wits "It's exhilarating to see the changes that have come about at Iscor in the two years that I have been here, our share was worth only 61c then and today it's worth over R4 "

He attributes the general success to the tremendous response he has had from the staff, the continuity in management, and the respectful relationship with the unions "People are not different to each other, they simply need opportunities to develop "

Hans Smith is trying to create just such an environment in Iscor to do so

Iscor threatens to close Namibian mine

Mungo Soggot (189A)

ISCOR has signalled its intention to get tough over the Namibian goverment's efforts to push it into a joint venture with a Namibian mining company, by stopping operations at its Rosh Pinah zinc mine in Namibia

It said yesterday it would take Namibia's government to court over its decision to deprive it of the mining rights to Rosh Pinah Iscor lost the rights to P&E Minerals, a newly formed company with Malaysian and Namibian backers, and Namibian President Sam Nujoma's brother-in-law Aaron Mushimba, among its directors.

Iscor mining division MD Ben Alberts said yesterday P&E Minerals had not yet responded to Iscor's request for a specific commercial proposal on a joint venture. Iscor had no op-

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Continued on Page 2

Iscor

(189A)

Continued from Page 1

BD 28/11/95

tion but to stop mining until there was a commercially acceptable solution.

"I am distressed about having to take this step, but we have to protect our interests We will do everything within our power to act in the best interests of the employees," he said.

Namibia's government had given Iscor permission to continue mining so that it could strike a deal with P&E.

Iscor Industrial Minerals GM Chris Wessels said the latest deadline given to P&E Minerals was tomorrow The mine would be closed permanently if no deal was struck and if Iscor lost its case against the government.

The mine, which produced about 60 000 tons of zinc concentrate and 20 000 tons of lead concentrate a year, employed 330 people. About 430 families depended on it, he said.

Iscor bought the assets of liquidated Rosh Pinah holding company Imcor Zinc — in which it was a shareholder — for R35m earlier this year, then applied for the mining rights, which were given to P&E.

Iscor's acquisition of Imcor Zinc's liquidated assets followed a protracted court battle between Iscor and Moly Copper, its joint venture partner in Imcor Zinc.

Moly Copper chairman Diane Lidchi maintained Iscor deliberately precipitated the liquidation so it could become the sole owner.

Iscor denied this. "These allegations have been dismissed by the High Court of Namibia," Wessels said recently.

Lidchi, who could not be reached for comment yesterday, has refused to comment on speculation that she is behind P&E Minerals.

Iscor's deal with MacSteel seals off foreign markets

(189A) CT (BR) 28/11/95

By Bruce Cameron

Cape Town — The 63-page contract linking the privatised parastatal Iscor and the privately-owned company MacSteel in a joint venture company, MacSteel International BV, effectively locks out any other company from dealing in Iscor steel on international markets

The advantages for Iscor, which already has use of the extensive MacSteel International network of 60 offices in 25 countries, are not clear, while extensive penalties are specified if Iscor does not meet numerous preconditions

The agreement between the two to set up the joint venture, based in the Netherlands, is subject to an investigation by the Competitions Board, following a complaint by Durban-based steel trader MacDonald International, which claims it will be closed down by the agreement

The agreement — in the possession of Business Report — states Iscor will transfer a number of assets to the joint venture, including its 51 percent stake in iron ore trading company Trans Orient Steel Limited, and all its harbour facilities Both MacSteel and Iscor will contribute their shipping operations

As soon as the agreement comes into force all Iscor's relationships with other exporters will be cancelled, and where they cannot be cancelled, Iscor will pay to MacSteel International the difference between the higher commissions to be paid to the joint venture company and currently being paid to the joint venture company

MacSteel, which has marketing contracts with other foreign-based companies, and the joint venture company, will effectively be precluded from importing steel into South Africa, which will assist Iscor in its policy of charging substantially more for its steel on the local market than it receives for its exports

All steel, pig iron, pool iron, direct reduced iron, scrap, reserve stock and seconds, and coke produced by Iscor, will be marketed internationally by the joint venture company

Iscor will also attempt to include products from the proposed Saldanha Steel project Also included is iron ore traded through Trans Orient Steel Limited

There are a number of clauses allowing for the qualified termination of the contract between Iscor and MacSteel These include

☐ If there is a change in the control of MacSteel, with either Eric Samson, the chairman of MacSteel, or one of the family trusts not owning the majority of the shares, Iscor can take up its option on MacSteel's 50 percent share in the joint venture

Shares owned by Iscor in MacSteel will not be taken into account in calculating the 51 percent controlling share,

☐ If the majority of Iscor's shares are owned by the state as a result of specific legislation or regulation (effective nationalisation) then MacSteel can take up Iscor's 50 percent,

☐ If either company is placed under liquidation or judicial management,

☐ If either company breaches any of its obligations in terms of the agreement and fails to remedy the situation within 21 days, and

☐ If MacSteel's net shareholder funds fall below R500 million as a result of distributions of "dividends or capital or otherwise",

☐ If Iscor's net shareholder capital falls below R1,5 billion as a result of a distribution of "dividends, capital or otherwise", and

☐ If Iscor does not meet production levels of at least 500 000 tons a year, Iscor would be in default and if it could not make good in three years it would forfeit its holding in the joint venture company

If the drop in tonnage is temporary and is restored within three years then Iscor will have to pay a penalty of 75 percent of commission income lost plus another 50 percent of the 75 percent to the joint venture

If the termination clauses take effect, and depending who is in default, the one holding company is allowed to buy the other's 50 percent in the joint venture

Iscor is required to commit itself in a written annual forecast to a certain tonnage in products for a particular year with a minimum of 1 million tons, limited only by factors outside its influence such as industrial action or breakdowns in machinery If 70 percent of the forecast or the 1 million minimum is not met, Iscor will have to pay a penalty of 75 percent of the commission income lost

If the cancellation of the agreement is through no fault of MacSteel or Iscor, the purchase price paid by either to buy out the other will be at market price, decided on through a number of methods

If the cancellation is a result of a default by one of the holding companies, then the market price will again be determined but with a discount of 25 percent

Further penalties that apply against Iscor because "Macsteel did not receive any goodwill" in the setting up of the joint venture include

If MacSteel should acquire Iscor's share in the joint venture within five years, then the net asset value and not the likely higher market value of the company will apply, and if MacSteel acquires Iscor's share after the five years have elapsed then an additional discount of R200 million escalating at the rate of growth of the joint venture's profits over the period but not greater than 75 percent of the South African producer price index (PPI) will be subtracted from the market price

If Iscor breaches its supply obligations and MacSteel terminates the agreement, Iscor will be liable for all direct losses suffered by the joint venture company

If Iscor or MacSteel decline to take up the 50 percent share of the other in MacSteel International, the joint venture will be liquidated

Both are given the right to sue for any damages it might incur in having to take over the other's 50 percent holding in the joint venture company

The contract prohibits Iscor from marketing nearly all its products internationally, except in Lesotho, Botswana and Swaziland

In turn MacSteel is not permitted to trade in Iscor products on the international market except through the joint venture, with one exception If the joint venture is unable to trade in any particular Iscor product, the joint venture company will actively pursue other sources of steel to trade, but only at a higher price than that being sought by the joint venture company

The commissions to be paid by Iscor are detailed in the agreement Players involved in the industry say the amounts set in the agreement are above the normal rates

A commission of 5 percent will apply on carbon steel products, 2,5 percent on all stainless steel products, 3 percent on the first 1,35 million tons of iron ore on the FOB price and 4 percent on further tonnage

STEEL GRIP *All pig iron, scrap, steel, reserves and seconds will be marketed by the joint venture*

Iscor to close zinc mine

CT (BR) 28/11/95 (189A)

By Fiona Leney

Johannesburg — Iscor yesterday said it was shutting its Rosh Pinah zinc mine in the latest twist of a bitter battle with the Namibian government over mineral rights

The company said work would stop at the disputed mine until a commercially acceptable solution to the stalemate could be found

Ten days ago Iscor said it was taking the Namibian government to court over its decision to award mineral rights at the mine to a Namibian-Malaysian consortium with alleged links to the ruling party At the same time, it gave the consortium, P&E Minerals, seven days to come up with a viable proposal for a joint venture at the mine

Yesterday Iscor said P&E Minerals said it was no longer prepared to negotiate because of the pending court action

Last year, Iscor pushed through the liquidation of Rosh Pinah's holding company, Imcor Zinc, in which it was a shareholder It then bought the company's assets, now held by Iscor subsidiary Imcor Tin

There has been speculation that Moly Copper, Iscor's joint venture partner in Imcor Zinc, is behind P&E Minerals Iscor said if no solution could be found it would negotiate with the Mineworkers Union of Namibia to "act in the best interest of the employees"

☐ Roy Cokayne reports from Pretoria that Iscor will take a decision next week on its continued involvement in the proposed R4,5 billion Saldanha steel mill

SA must carve itself a 'stainless steel culture'

BD 30|11|95 (189A)

DAVID SLATER

SA NEEDS to generate a "stainless steel culture" similar to that of India in order to exploit fully the potential of stainless steel as a wealth creator in the informal sector

We were shown the way by Niramal Mathur, president of the Indian Stainless Steel Development Association, New Delhi. He spoke of the Indian experience at the recent Southern African Stainless Steel Development Association conference in Johannesburg

In world terms, India is a major producer of tableware and cooking pots with 75% of the stainless steel produced in the country catering exclusively to this sector compared with a paltry 25% destined for industrial uses

The growth potential in the emerging SA stainless steel market is likely to come from customer demand which at present accounts for only 10% of the total consumption.

As with the many of the world's high growth markets, India has generated its growth through small or medium-sized businesses which augurs well for the small, medium and micro enterprises in SA

SA industrial development is likely to be patterned along the same lines as Asian, rather than Western models

Growth in GDP is a prerequisite for growth in stainless steel consumption and, contrary to expectations, stainless steel consumption as related to the GDP is relatively high in countries such as India and SA when compared with the established wealthy countries of the industrial world.

The world market for stainless steel has been growing at an annual rate of 5,8% since 1982, with the last few years having been especially strong Like India, SA cannot expect to grow its stainless absorption without a massive growth in GDP.

Stainless steel consumption in SA has grown at the rate of 10% a year since 1990 which exceeds the rate of world growth and augurs well for investment in the local stainless steel market

Market surveys indicate that opportunities exist for stainless steel product consumption among black and Asian communities in SA whereas, with minor exceptions, the traditional white market is approaching saturation point

In India the total stainless steel consumption is 500 000 tons a year, of which 80% is the low-nickel, 200-series used in its consumer market SA producers are currently also looking at alternative grades of steel which will adequately cater to the consumer market in the manufacture of utensils

Production of the low-nickel, 200-series of stainless steels in India resulted from the steep nickel prices in the late 1980s prompting the private sector to substitute nickel with manganese which was readily available there Today, major producers have developed their own proprietary grades of the series and experience has also been gained in the downstream re-rolling and manufacture of utensils and in the remelting of stainless steel scrap by small businessmen

According to Mathur, consumption of stainless steel in the Indian household sector continues to grow because of popular opinion that stainless steel is preferable to other materials such as aluminium, copper or brass from well-to-do urbanites to the poor villagers in the backwaters.

The Indian middle class, which is where the consumer power is concentrated, numbers around 250-million and is growing at 6,3% annually, which is more than three times the general population growth. All of this bodes well for the development of the stainless steel industry and it is expected that the rural areas will follow the trends of affluent metropolitan regions.

Kitchens of middle class households in India are dominated by stainless steel and the average southern household may easily contain 30kg to 40kg of stainless steel goods

Stainless steel is associated with Hindu ceremonies such as the "Festival of Lights" when stainless steel gifts change hands. Stainless steel items are also given to newly-weds to set up their first home and used as corporate gifts to employees

Stainless steel as a household item has assumed deep roots in the Indian psyche and it is expected that this market will continue to grow

SA and India also have a lot in common in terms of a recently liberalised economy which, in India, has had a profound influence on the process industry and consumer goods sector.

Stainless steel producers in India are expanding their plans as well so that by the year 2000 India should be producing upward of 1-million tons of stainless steel With major developments such as Columbus Stainless and Iscor coming on stream next year in SA, we will be in a position to supply 1-million tons a year. The southern African association aims to double the local consumption of stainless steel by 2000.

□ Slater is Southern African Stainless Steel Development Association executive director.

Saldanha Steel project back on track

(189A) CT(BR) 30/11/95

By Roy Cokayne

Johannesburg — The R4,5 billion Saldanha Steel project is back on track, with Iscor as a 50 percent partner with the Industrial Development Corporation (IDC) But delays in the project have cost the group about R540 million.

Iscor's executive chairman, Hans Smith, told a news conference in Johannesburg yesterday that Iscor's directors had approved the company's participation in a restructured Saldanha Steel project

He said the project would start "this afternoon" and would be commissioned in mid-1998, although it would take 12 to 18 months to get to full capacity

Smith said an independent audit on the capital cost for the total plant was done, which at this stage confirmed the R4,5 billion budget, previously estimated at about R3,6 billion He said peak funding requirements of R4,6 billion, scheduled for June 1997, had risen to R6,8 billion

Only about 60 percent of the R900 million increase in the capital cost was directly related to the delay in the project, he said

He said the environmental costs took time to assess, while the original cost estimate for training people to run such a sophisticated plant was too low and had to be increased

Redesigning and acquiring new equipment to ensure quality had also increased the cost.

Smith said the restructured project had met the requirements of Iscor's "hurdle rate" — basically its minimum conditions — and the company's decision to give the go-ahead again to Saldanha was a commercial, not an emotional one

"We feel very positive about the project and are pleased to again be part of Saldanha Steel As I said in September when we withdrew, Iscor will consider the investment merits of a restructured project, or any part thereof"

"The approval of the site and the firming up of the estimated capital expenditure and operating costs, together with the understanding with the IDC on the financial restructuring, have brought Iscor back to Saldanha Steel as a 50 percent partner," he said

As the project was now structured, the returns still fell within the limits set by the shareholders, he said

"Siting the plant further inland is influenced by the Steyn Commission recommendations but costs less than it would have to move to the alternative sites, and thus has helped with final cost estimates"

Smith said the environmental conditions imposed by the Western Cape government could be accommodated within the budget.

Iscor gets new site for Saldanha Steel

BD 30/11/95 (189A)

Michael Urquhart

ISCOR has returned to the Saldanha Steel project after securing a new site 2km inland of the controversial Langebaan lagoon site and reducing its total budget by R500m.

The project, for which Iscor had raised R1,3bn in a rights issue, ran into trouble when environmentalists opposed its siting near the sensitive wetlands. The delays and costs for which Iscor had not budgeted prompted the group's withdrawal from the project.

The Industrial Development Corporation (IDC), an equal partner in the project, had restructured the financial package to include a greater element of gearing to improve the return to shareholders. Initial funding would be supplied by the IDC. Securing a site had allowed the partners to shave certain provisions, cutting R500m off the R5bn budget estimate. However, the extra costs associated with delays, and bigger provisions for training and environmental control put total peak funding at R6,8bn. Building would begin immediately. The plant would be commissioned in 1998. It would take 12 to 18 months more to reach full capacity of 1,25-million tons of hot-strip steel.

The new site had been rezoned for heavy industrial use, which had required certain environmental standards from Iscor. Iscor chairman Hans Smith said three major environmental groups had indicated they were happy with the new site.

Smith said the move inland would not affect costs greatly as no extra loading facilities would be needed to handle the extra distance. Although the delay would affect the point at which Iscor entered the steel cycle, Smith said there were two views on the cycle, and depending on which one took, the project could enter a rising or declining market. The project would be profitable even in a worst-case scenario.

Equipment had been redesigned to produce thinner gauges and a new machine had been included by planners to improve quality.

Hulett in R1bn agreement with Alusaf

1/89A

CT (BR) 30/11/95

STAFF WRITER AND REUTER

Durban — Hulett Aluminium's R1,8 billion expansion programme came within one step of final approval yesterday with the signing of a 10-year, R1 billion supply agreement with aluminium producer Alusaf

In terms of the contract, Alusaf will supply Hulett Aluminium with a range of primary aluminium products and aluminium alloys

"This agreement, which further strengthens the long-standing relationship between Alusaf and Hulett Aluminium, represents an important step for us to proceed with our expansion project

"Our new state-of-the-art rolling mill will provide the impetus for substantial growth and development of the South African downstream aluminium industry," said Peter Staude, the managing director designate of Hulett Aluminium

The agreement is the penultimate hurdle in the way of Tongaat-Hulett Group's approval of Hulett Aluminium's R1,8 billion expansion project Staude said the expansion was Tongaat's biggest project and also the largest ever to be undertaken without government incentives of any kind

Tongaat-Hulett's managing director, Cedric Savage, said "The final hurdle impeding the go-ahead concerns tariff reduction We are currently involved in urgent discussions with government on this matter"

He said he was confident the tariff protection issue would be resolved before the end of the year, clearing the way for the project to get under way almost immediately

The supply agreement will carry a conservative value of R1 billion a year when the planned hot-rolling mill reaches full production The deal is set to fire the local market and considerably boost the value-added component of the country's aluminium industry Rob Barbour, Alusaf's managing director, said Alusaf had identified a number of opportunities for growing the local market once the Hillside Smelter at Richards Bays was commissioned

"Alusaf, not being a participant in the project, recognised Hulett Aluminium's need for security of metal supply for at least 10 years to support this major investment," said Barbour

The agreement envisages that Alusaf will provide an expanded range of more sophisticated products in the future

Saldanha mill back on track

(189A) CT 30/11/95

MELANIE GOSLING

ISCOR's R4,5-billion Saldanha steel mill project is back on track — and the people of the town have welcomed the move, while thanking environmentalists for "opening our eyes" to possible problems

Chairman of the Saldanha Bay Chamber of Commerce Mr Hennie Griesel said the people of the town were "delighted" at Iscor's return to the project "We've been fighting for the project for a long time and we're delighted We're just sorry that it had to come so late

"To the environmentalists who opposed the factory, we thank you for your contribution You certainly opened our eyes to what could happen and forced Iscor to implement stringent environmental conditions on the steel mill so that the development of tourism can also go ahead," Mr Griesel said

Iscor chairman Mr Hans Smith said yesterday work at the plant was already under way.

"We already have our men drilling on the site to see the underlying soil conditions — which is important for a structure this size When the rezoning of the site was approved it was the first time we could make an accurate cost calculation because it was the first time we knew where we could build," Mr Smith said

Iscor would meet all the environmental conditions laid down on the rezoning permit

● See Page 17

Ferrochrome exports booming

ET (BR) 1/12/95 ~~FEG~~ (1894)

A two-thirds increase in the volume of ferrochrome exported to producers of stainless and special steels saw Consolidated Metallurgical Industries almost double its earnings in 1994-95

"We regained market share in Europe by specifically targeting customers," says marketing director Allan Kuhnert "And we spent time developing use of charge chrome in the Pacific Rim markets, also appointing a new agent there"

Overall, increased worldwide production of stainless steel boosted the export market

"Essentially, CMI is selling a commodity, to which value is added by providing a full service including quality assurance (ISO 9002), payment terms, technical support, material warehousing, packaging and agency support

"These services differentiate CMI as a contractual supplier This allows us to charge a premium to the spot price when the market is over-supplied."

Iscor shares not boosted by decision on Saldanha

(189A)

Michael Urquhart

BD 1/12/95

ISCOR's announcement it would be rejoining the stalled Saldanha steel project had not boosted the group's share price, as the poor steel price and the general negative sentiment towards commodity stocks had offset the positive news, analysts said.

They said investor sentiment on the counter was shaky after the "posturing" about the project.

Iscor first decided to go ahead with the project at a budgeted cost of R3,6bn, then pulled out citing delays due to environmentalists' pressure. Then came revelations that certain unforeseen costs had seen the total rise to R5bn. Iscor then re-entered after the Industrial Development Corporation managed to restructure the financial package to bring the budgeted cost down to R4,5bn.

The steel producer had been generating bad publicity with its marketing joint venture with large trading firm MacSteel International. An analyst said until this was cleared up, the share was unlikely to show any upward movement.

Another analyst pinned the malaise in Iscor's share price — which peaked at 475c in March, and which closed yesterday 1c down at 329c — strictly on the poorer steel market. He said people had expected Iscor to return to Saldanha and this had been discounted already.

The poorer steel market was the main factor driving the price. The share had little upside potential until the price showed a sign of increase.

(189A) 3/12/95

Competition Board to dent Macsteel's export venture

(189A)

ST(BT) 3/12/95

By DON ROBERTSON

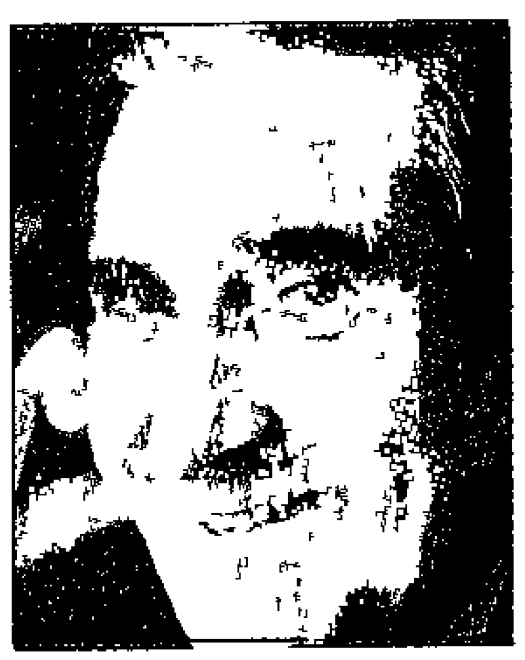
THE Competition Board is unlikely to give the go-ahead for the export joint venture between Iscor and steel merchant Macsteel in June without certain conditions being imposed, according to sources close to the investigation

The agreement, which the Competition Board is investigating, will allow a joint company, Macsteel International, the exclusive right to export all Iscor's steel to world markets

Hans Smith, managing director of Iscor, and Eric Samson, chairman of Macsteel Holdings, will become joint chairmen of the new independent company

The agreement has been strongly criticised by independent merchants, especially Durban-based MacDonald International, which has exported considerable tonnages of Iscor steel in the past

In an interview with *Business Times*, Hans Smith, Kevin Robertson, managing director of Iscor's steel division, and Steven Levitt, deputy chairman of Macsteel Holdings, say that if any part of the agreement is considered to be restrictive in any way by the board, it will be changed provided the deal continues to make commercial sense



ERIC SAMSON

Macsteel and Iscor were previously reluctant to discuss details of the agreement, preferring to await the board's decision, but decided to respond to the many allegations made by MacDonald in the Press

The board is expected to announce its findings this week

Speaking of the agreement for the first time in the "interest of shareholders", Mr Smith says the agreement for the export of 40% of Iscor's total production was negotiated because of the cyclical nature of the international steel industry

To improve its international professionalism and pricing structures, Iscor had to either develop this skill internally and do away with the 24 agents exporting steel or acquire an international trading house with a proven record Macsteel, one of the largest international steel traders, was chosen because of its marketing expertise and access to new markets in Europe and America, says Mr Smith

MacDonald International has claimed, however, that the commission to be paid to Macsteel International is too high and Iscor would be able to prevent imports of steel by Macsteel Holdings, giving Iscor considerable protection against cheaper imports

While other steel traders are able to import, with import duty at only 5%, they would have to provide facilities at considerable expense

MacDonald also alleges that the deal was negotiated to give Macsteel Holdings favourable terms in the event of a termination of the agreement MacDonald values Macsteel International at R3-billion, based on a conservative R300-million in commission paid each year

Mr Smith says although commissions are high, they take into account considerable overheads involved in operating an international business Macsteel International trades about 4-million tons of steel products a year on world markets and could sell 2-million tons more from Iscor

With its 50% stake in the international company, Iscor will earn half of the commissions

The agreement stipulates that only Macsteel Holdings, not Macsteel International, may sell steel in South Africa, Lesotho, Botswana and Swaziland, "or import the specified Iscor products and other steel mill products without Iscor's written consent" Mr Smith says if this condition or any other is considered restrictive it will be changed

The current premium in the price of steel sold by Iscor on the domestic market and the imported product is regarded by Mr Smith as a "service" which obviates the need for importers to provide expensive facilities

Mr Smith values Macsteel International at R1-billion

Should Iscor be in breach of the contract, Macsteel can buy Iscor's 50% holding at net asset value in the first five years and then at commercial values

Should Macsteel Holdings be in breach, Iscor may buy Macsteel's 50% at commercial values less R200-million

Mr Smith says that Macsteel International will eventually assume responsibility for Iscor's harbour operations in Durban and Richards Bay It is also possible that exports from the Saldanha steel project will be handled by the company

MEN OF STEEL: Iscor's Hans Smith, Macsteel's Steven Levitt and Kevin Robertson of Iscor Picture: ANDRZEJ SAWA

Iscor sells Usko stake

(189A)

CT (BR) 4/12/95

Johannesburg — CZ South Africa, a specialist fund management company, has bought a 28,74 percent stake in Usko from Iscor in a multi-million rand deal

CZ South Africa manages some R600 million worth of funds on behalf of local and foreign investors and specialises in financing management buyouts and taking equity stakes in predominantly unlisted small to medium companies CZ's Antony Ball said the company wanted to invest R25 million to R75 million in another 10 to 15 companies

Louis van Niekerk, Iscor's finance director, said the sale was in line with Iscor's strategy of focusing on its core activities and divesting in peripheral businesses — Derek Tommey

SOUTH AFRICA'S NATIONAL FINANCIAL DAILY

MONDAY DECEMBER 4 1995

Manuel describes parts of Iscor/MacSteel export deal as 'bizarre'

(189A) CT (BR) 4/12/95

BY BRUCE CAMERON

Cape Town — The contested Iscor deal with steel trader MacSteel, which will effectively lock out other locally-owned Iscor product exporters, would make substantial profits for Iscor, the steel manufacturer's chief executive Hans Smith said at the weekend

Speaking in an interview with Business Report, Smith defended the deal and also rejected claims that Iscor was overpricing its products on local markets, effectively hobbling local fabricators

And in a brief interview the trade and industry minister, Trevor Manuel, described parts of the Iscor/MacSteel agreement as bizarre He expected a report soon from the Competitions Board.

He was perturbed by the clause in the agreement which would enable MacSteel to grab control of the proposed Iscor and MacSteel joint venture company if the government nationalised the company

The deal is being opposed by Durban-based steel trader MacDonald International, which says stipulations in the proposed agreement that all Iscor products be exported by the joint venture will force MacDonald's closure

Smith said the nationalisation clause was inserted because Iscor wanted a condition to ensure the Samson family remained in control of MacSteel

"The expertise lies with Eric Samson (the executive chairman of the country's largest unlisted company) and his family," said Smith.

The motivation for the deal was that only a small proportion of Iscor s products were being sold by itself 'We did not know what margin others were making on the sales or on shipping People were getting rich on our back.

"The rationale is that I am going to save money by not employing the 80 people involved in exports Instead I am going to earn the money," said Smith.

He rejected claims that Iscor would pay higher than market commissions With a commission of 5 percent, costs would amount to about 2 percent, with Iscor receiving a 1,5 percent share of the remaining 3 percent.

He said negotiations were also held with other companies.

He rejected as too complex the creation of an export company involving more than the two parties

The R200 million penalty due by Iscor if it defaulted within five years of the implementation of the deal was a consequence of nothing being paid for MacSteel's goodwill, which had been independently valued at R500 million.

On the issue of high local Iscor steel prices, Smith challenged anyone to meet Iscor's record of keeping increases below the Producer Price Index for some years

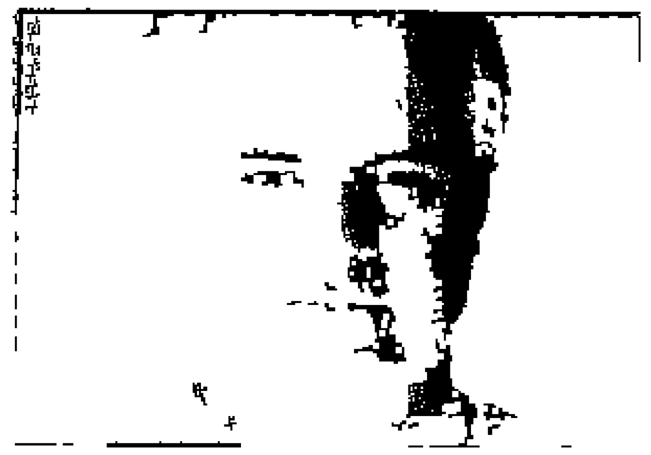
Critics were basing their arguments on the price of steel charged at the production gate, free on rail

"If our prices are so high locally why don't companies import steel We have one of the lowest tariff barriers in the world at 5 percent," said Smith

Steel deal on collision course with government

(189A) CT (BR) 5/12/95

CANDIDLY CAMERON



Attitudes towards the 'bizarre' deal between Iscor and MacSteel are hardening

By Bruce Cameron

Iscor and MacSteel are likely to be the first to come up against government resolve to beef up competition law and its implementation Signals are that after initially meeting with an "okay but unfair" reaction from Pierre Brooks, the chairman of the Competitions Board, attitudes are hardening against the deal

The essence of the issue is that the formerly state-owned iron and steel producer, Iscor, and the largest unlisted company in the country, MacSteel, which got rich in the years of sanction busting, have agreed to form a joint venture company that will exclude all other companies, here and abroad, from exporting Iscor products

A clause in the agreement that will penalise Iscor it the company is nationalised has not helped Iscor's cause, but then, Iscor and MacSteel never expected the agreement to become one of the most photocopied documents in the country

"It's bizarre," said Trevor Manuel, the minister of trade and industry, in reference to the nationalisation clause

The problem for Iscor is that there is a joining of forces

Firstly, there are the critics of Iscor's domestic pricing policy They say that the pricing policy makes it impossible for the downstream metal industry in South Africa to grow, as the prices they are forced to pay by Iscor makes them uncompetitive locally and internationally

Hans Smith, Iscor's chief executive, retorts that they can import steel if they feel that Iscor is too expensive — and increasingly they do

At the opening of the Cosani steel container factory in Cape Town earlier this year, Manuel was told that the company imports its steel from France because it is cheaper than that of Iscor

Smith also argues that price increases have been kept below the Production Price Index, while there are also economies of scale with exports keeping down the overall price by allowing larger manufacturing volumes

Secondly, there is the Saldanha Steel project, which focused considerable attention on the way Iscor operated and united environmentalists against the company The environmentalists, since partly losing their campaign, are still smarting and looking for other ways to get square

On this issue Manuel is behind the formation of the factory, but if he puts the proverbial boot into Iscor for something else they will no doubt be cheering from the sidelines

On top of all this there is a story doing the rounds in ANC circles that the ore exporting arm of Iscor, Trans Orient Steel, was a conduit for significant contributions to the National Party over a number of years

The final say on what happens with the deal lies with Manuel — and his views on steel pricing are well known, having criticised the high prices of steel long before he took over the portfolio of trade and industry

□□□□

These events may partly explain why Smith got involved in a shouting match on a flight between Johannesburg and Durban recently

Apparently three passengers were discussing the MacSteel deal and Smith objected loudly to what they were saying about Eric Samson and his family, who own MacSteel through a variety of trusts

Smith, who admits to going a bit overboard, says "the three gentlemen were loudly talking about unfair pricing of Iscor, which is another matter, but they were also making vicious attacks on the shareholders of MacSteel, saying they lay around on the beaches and owned race horses"

Smith said the remarks were untrue and malicious The row apparently became nasty when one of the three accused Smith of eavesdropping

□□□□

Tax experts and life assurers are in for a busy festive season with the Katz Commission having reported Gill Marcus, the chairman of the parliamentary finance committee, wants their reaction to the recommendations by January 8 so the committee can have its report in by the end of January to allow time for any inclusions in the Budget in March

If anyone thinks Marcus will be taking much time off while they are busy analysing the Katz report they should think again She is no slouch

She has a reputation for doing her homework for the parliamentary finance committee and for the public accounts committee, of which she is a member, and she is also very active in her constituency in the Eastern Cape

Having spent three days with her touring the area between Port Elizabeth and the Blaaukrantz River allocated to her by the ANC, there is no one who could question her productivity or her sincerity

She met a wide range of her constituents, finding solutions to problems from creating communal farms to eradicating alien vegetation, negotiating land for housing in the Tsitsikamma, to getting a social pension for an elderly man

Iscor drops court fight with Namibia

BD 5/12/95 (189A)

Michael Urquhart

ISCOR has dropped its court action against the Namibian government over the Rosh Pinah mine, allowing negotiations to take place on forming a joint venture to operate the zinc mine, the corporation said yesterday

Iscor, which owns the mine, P&E Minerals, owner of the mining rights and P&E's associate, the Malaysian Mining Corporation, are discussing the possibility of forming a joint venture to operate Rosh Pinah

The basis of an agreement would be that P&E Minerals allowed a new company to be formed by Iscor, the Malaysian Mining Corporation and a Namibian consortium to operate the mine in exchange for a royalty payable to P&E Minerals

Iscor spokesman Neels Howatt said he hoped the royalty would not be in line with that paid to previous partners Moly-Copper The high royalty, about 9%, had been the main cause of the eventual liquidation of Rosh Pinah holding company Imcor Zinc Iscor had bought all the assets of the liquidated company for R35m and put them into subsidiary Imcor Tin.

At the time of the liquidation Namibian Mines and Energy Minister Andimba Toivo Ya Toivo had terminated the minerals rights and sold them to P&E Minerals, a group believed to have links with the Namibian government. Namibian president Sam Nujoma's brother-in-law Aaron Mushimba is one of the directors.

Meanwhile, Iscor said in its annual report it had boosted the management share scheme through additional shares and changing the option exercise dates, which the directors said should "increase the incentive value" of the scheme.

To achieve this, an extra 27,5-million shares had been added to the share trust, bringing the total number to 100-million, or 4,4% of the total equity.

The exercise periods had also been made more frequent. Previously participants could exercise a third of the options granted every two years. This had been changed to one-fifth of the shares every year, with a modification allowing participants to exercise their options at any time, provided the options were paid for and ~~released after~~ the expiry of the set exercise periods.

Options were issued at an average price of 413c in financial 1995; the share price closed at 328c yesterday.

Deal 'ensures MacSteel controls Iscor exports'

BD 5/12/95 (1899)

Nicola Jenvey

DURBAN — The Iscor joint venture with steel trader MacSteel — which would effectively create a monopoly on the exporting of Iscor products — was "a one-sided negotiation to get money offshore", traders said yesterday

Consensus was that the 5% commission guaranteed to MacSteel was "absurd, unheard of and without international precedence"

Estimated averages for the type of steel trading MacSteel would be undertaking for Iscor ranged from 1% to 3%.

In October trading houses received an Iscor questionnaire on whether they would work as an Iscor agent on a 1% commission basis

"Everyone else had to be prepared to work for 1% while MacSteel has a guaranteed 5%," one trader said

The questionnaire also indicated that Iscor would operate future sales on a cost and freight basis — which meant the freighting costs would be included in the commission received — rather than a landed at port basis

"This implies MacSteel has no incentive to keep its freighting costs as low as possible and would benefit by using the most expensive line

"However, since the deal will put Iscor and MacSteel in control of steel production, distribution, exporting and importing, why be concerned that they may use the most expensive line too," one trader said

Durban-based steel trader MacDonald International spokesman said Iscor was deliberately "clouding the issues" within the contract Previous reports indicated that if Iscor defaulted on the contract within five years, MacSteel could purchase out the steel manufacturer's share of the joint venture for market value less R200m

However, in terms of the contract, this condition was only applicable after five years

Initially MacSteel could buy out Iscor at net asset value speculated at R10m to R20m on a business worth R3bn to R4bn, depending on whether the Saldanha steel mill was included in the contract

A fax to Iscor requesting comment went unanswered yesterday

US slaps anti-dumping duty on SA steel pipe

Simon Barber (189A) BD 6/12/95

THE US commerce department has provisionally slapped 135% anti-dumping duties on imports of SA steel pipe in a bid to drive the SA product out of the US market.

The decision, which chiefly affects Robor Industrial Holdings, followed complaints by US producers that SA competition was eating into their margins and preventing them from modernising.

The department will issue a final ruling within six months, after obtaining more information from Robor. In the meantime, US importers of the SA products must pay the duties in escrow to the US customs service.

The six-member US' international trade commission, in a 4-2 ruling, declared last June that imports of SA pipe were "materially damaging" the US industry. The matter was then handed to the commerce department's international trade administration which had to decide whether, and, if so, by how much, SA pipe was being exported to the US at "less than fair market value".

The duty reflects calculations of the difference, after adjustments for freight and other costs, between the price Robor charges to non-affiliated resellers in SA and the dockside price paid by non-affiliated buyers in the US.

The calculations were based on transactions between April 1 last year and March 31 this year.

Imports of SA pipe surged after the lifting of sanctions in 1991 to 39 000 short tons, valued at $18m last year. This caught the attention of the US industry, which has managed to have anti-dumping duties imposed on almost all foreign suppliers.

Smelter ahead of schedule

BD 6/12/95 (189A)

Nicola Jenvey

DURBAN — Alusaf's R5,2bn Hillside aluminium smelter would be fully operational three months ahead of schedule, producing 50% of its 466 000-ton annual capacity by the end of the year, Hillside smelter GM Jean-Pierre Boucard said yesterday

He said the year-long start-up process, during which the smelter connected the aluminium-producing pots, was progressing "beyond expectations at a world-class rate" and the smelter would be producing aluminium at a rate of 233 000 tons a year by January.

Since start-up earlier this year, the new smelter had produced 35 694 tons

Alusaf commercial director Jeremy Nottingham said two major supply deals had been signed, one a 10-year agreement with Hulett Aluminium, valued conservatively at R1bn a year once the mill reached full capacity

Alusaf would supply Hulett Aluminium with an agreed range of primary aluminium products and alloys The deal was expected to stimulate the local market and increase the value-added component of SA's expanding aluminium industry

Alusaf won a R90m contract to supply an Australian aluminium smelter with 11 500 tons of anode stems and busbar. Through this deal Alusaf would buy R12m worth of Australian alumina, add value and sell it to another Australian company for R90m

Stainless steel market can expect a boost

(189A) BD 6/12/95

THE introduction of unleaded petrol to SA next year and the fitting of catalytic converters to locally produced cars would provide a major boost to the local stainless steel market, Columbus Stainless Steel said yesterday.

According to Columbus sales manager Charles Cammell, if catalytic converters became a standard feature on motor vehicles in SA, as was the case in the US and Europe, local stainless steel demand would increase by about 1 000 tons a year

In addition, the value added to local raw materials such as platinum, rhodium and stainless steel would provide a further boost to the local converter industry, he said

"We estimate that approximately 200 tons of stainless steel tubing will be needed for the local converter industry, and about 880 tons of stainless steel for the catalytic converter housings," Cammel said. — Sapa

One of SA's most bitter labour disputes ends with BTR court victory

189A

BD 7/12/95 (189A)

Renee Grawitzky

IN THE longest and one of the most bitter disputes in SA labour history, the Natal division of the Labour Appeal Court yesterday upheld a decision handed down by the Industrial Court last year that BTR Sarmcol had not committed an unfair labour practice when it dismissed 970 workers during an illegal strike over recognition 10 years ago.

The decision follows an appeal by the National Union of Metalworkers of SA, previously known as the Metal and Allied Workers' Union, to dismiss the Industrial Court decision which ruled in favour of the company.

The Labour Appeal Court judgment handed down by Peter Combrinck and assessors Michael Cowling and Sandila Ngcobo in Maritzburg yesterday found that not only had BTR not committed an unfair labour practice when it dismissed the striking workers, but workers "were not justified in going on strike, nor was the union justified in adopting the strike on behalf of the workers and persisting therein".

The court criticised the union, saying it should have realised it was losing the battle and capitulated, "in which event the appellants (workers) would not have lost their employment. It refused to do what was obviously in its members' interests and is therefore solely to blame that they were not re-employed. In our view it must shoulder the responsibility for the tragic consequences of its stubborn refusal to succumb to the inevitable."

In its application to the Industrial Court last year, the union abandoned its claim for reinstatement and demanded compensation of R74m. Before that court hearing, BTR made an initial offer without prejudice of R1,5m, which amounted to R1 500 a worker. This was rejected by the workers.

Pam Stein of Cheadle, Hayson and Thompson, acting on behalf of the dismissed workers, said the dispute was not an ordinary industrial dispute. She said not only had the whole community survived on the income of those who worked at BTR, but community leaders — who led the strike — were subsequently murdered. The bitterness continued 10 years down the line.

The union estimated that 20% of those dismissed had found permanent employment and despite the death of close to 100 workers, the widows of those who died over the years were still awaiting some kind of compensation.

In coming to its decision, the court considered whether the workers were justified in launching strike action on

Continued on Page 2

BTR

(189A)

Continued from Page 1

BD 7/12/95

April 30 1985 and persisting in the strike until their demands were met. It also assessed whether BTR was justified in dismissing and refusing to re-employ them.

The court looked at the cause of the strike and found that it was doubtful whether the company's failure to sign the recognition agreement caused the strike. The court said: "In our view the inference is inescapable that it was the disagreement about May Day which caused the workers to go out on strike, and not the fact that the respondent had not yet signed the recognition agreement. It was too much of a coincidence that right after Schreiner (the union official) promised that there would be trouble, the strike broke out.

"If, as we have found, the cause of the strike was the dispute about May Day, then there was no justification for the strike," it said.

In light of the company's precarious financial position and a failure by workers to comply with ultimatums, the court said it was not unreasonable to dismiss the workers with an offer to apply for re-employment.

As time passed "it was impossible to reinstate the old workforce or reach any form of settlement, mainly because of the effect such action would have had on the new workforce."

This was the sixth time the case had been referred to court since the dismissals on May 3 1985.

Factory 'ignores' poison dust report

M+G 8-14/12/95 (189B) ~~(~~

Hazel Friedman and Fumane Diseko

A BOKSBURG subsidiary of industrial giant Barlow Rand still exposes workers to poisonous dust and fumes in spite of a consultants' report which warned management of the danger in May

Welders at the Boksburg factory Barlows Cat, which manufactures Caterpillar industrial machinery, have been hit by a disfiguring skin ailment. Worker sources claim to have been told by management that protective measures would be "too costly"

The confidential occupational hygiene survey report compiled for Barlows by Environmental Science Services Consultants was this week leaked to the *Mail & Guardian*.

Outlining recommendations for an extensive protective programme for the welders, it concludes that "employees involved in welding operations are at risk of contracting a related occupational disease and the necessary control measures, as outlined in this report, should be implemented"

Seven months later, workers claim nothing has been done to counter the hazard. Says a worker on the company's health and safety commmittee, who requested anonymity: "Barlows management has stated that it is not prepared to spend a million rand on workers' safety. The company has been split into two camps because of this"

Joseph Ntipe, a welder at the Boksburg factory, said the problem began 10 months ago when Barlows switched from using micro wire CO2 — a metal alloy used for making drag lines and coal haulers — to Fluxco wire 71600, which is cheaper and more easily available. Made in Korea, this wire is widely used overseas, but only alongside stringent safety precautions such as adequate ventilation systems, respiratory and eye protection, as well as protective clothing

Said Ntipe: "The working area is very small, with hardly any ventilation Sometimes the air becomes so thick with smoke and dust that I can't see or breathe properly" Ntipe's chest is severely disfigured by a puckered, discoloured rash. At least 10 of the 44 welders employed at Barlows suffer from similar symptoms. Workers interviewed this week also complain of burning chest sensations, difficulty in breathing, a foul nasal discharge, pain and lethargy

Barlows management has sent a letter to the workers saying there is no link between the ailments and the welding operations or metal used at the factory. This letter is in the hands of Bharat Hansjee, a constitutional litigation officer with the Black Lawyers Association, who is representing the workers. Hansjee has asked the Industrial Council for the Iron, Steel and Metallurgical Industries to investigate the matter.

He says: "It is early days yet, but there seems to be a huge problem at the factory, with management refusing to acknowledge the welders' ailments or taking steps to rectify the health hazard. Given the nature of the symptoms and the number of workers affected, we are hopeful of getting some form of restitution under the Compensation Commission."

A Barlows spokesman said this week: "It would be inappropriate to discuss this allegation while we are discussing the allegation with our employee representative committee and the safety committee

● Meanwhile new allegations surfaced this week of New Consort gold mine, near Barberton in Mpumalanga, poisoning the surrounding environment with arsenic trioxide.

In 1991 this newspaper reported that New Consort was contaminating the region with arsenic. And last year the arsenic levels in the Noord Kaap River, which runs past the New Consort dump, were measured at one milligramme per litre as opposed to the acceptable 0,3 milligrammes per litre, claimed Richard Spoor, a lawyer for the National Union of Mineworkers. The contaminated river runs through a heavily populated agricultural region and then into the Crocodile River, which flows past Matsulu township.

It was reported this week that bags of arsenic trioxide had burst open after being stored in an open shed at the mine, contaminating surrounding areas

Three government departments, the National Union of Mineworkers and Anglovaal — owner of New Consort — are participating in an investigation which the company has admitted could lead to an official enquiry.

Anglovaal said this week it could not comment pending the investigation

'Iscor giving away billions'

CT(BA) 8/12/95 (189A)

By Bruce Cameron

Johannesburg — Steel and iron producer Iscor is "giving away" billions of rands in its disputed deal with MacSteel, the country's largest unlisted company, opponents to the deal claim

The allegation was made by MacDonald International following a Business Report interview with Iscor's chief executive, Hans Smith, at the weekend

MacDonald International has asked the Competition Board to investigate the agreement between Iscor and MacSteel to establish a joint-venture company, based in the Netherlands, which will lock out any other company from dealing in Iscor's wide range of exports

MacDonald International told Business Report that the joint-venture company could show conservative profit of R600 million from Iscor business alone

The profit will come from

☐ Significantly higher-than-average commissions to be paid by Iscor to the joint-venture company,

☐ Commissions and profit on shipping, which has been ceded to the joint venture, and

☐ Interest on money held before payment to Iscor

This profit will go untaxed as it would be paid out in the Netherlands and MacSteel would be entitled to half of it with its 50 percent shareholding

MacDonald said· "On any view this would value the Iscor business contribution to the joint venture at a minimum capital value of R4 billion. Against this, it is now apparent that MacSteel is contributing only R500 million (as stated by Smith) in the value of goodwill "

On this basis, the joint venture would not be fifty-fifty Iscor would own 88 percent and MacSteel only 12 percent.

The Durban-based steel trading firm questioned a number of terms of the agreement, saying it favoured MacSteel even though its contribution was far less MacDonald would like to know·

☐ Why there was a R60 million upfront cash payment by Iscor to MacSteel on signing the deal in June,

☐ Why MacSteel would acquire control of the joint venture company within five years at net asset value if Iscor defaulted on any of a number of clauses, including nationalisation of Iscor and production levels If this occurred, MacSteel would acquire assets of more than R4 billion for a negligible net asset value of R10 to R20 million,

☐ Why Iscor would pay MacSteel a production-price index-linked R200 million for its "goodwill" if the agreement dissolved after five years, and

☐ Why MacSteel makes no guarantees of business or profitability In other words the entire goodwill came from Iscor

"The deal does not stand up as a commercial transaction It is apparently designed to form a restrictive practice controlling pricing and the distribution of steel in South Africa with many other bizarre and inexplicable elements," MacDonald International said.

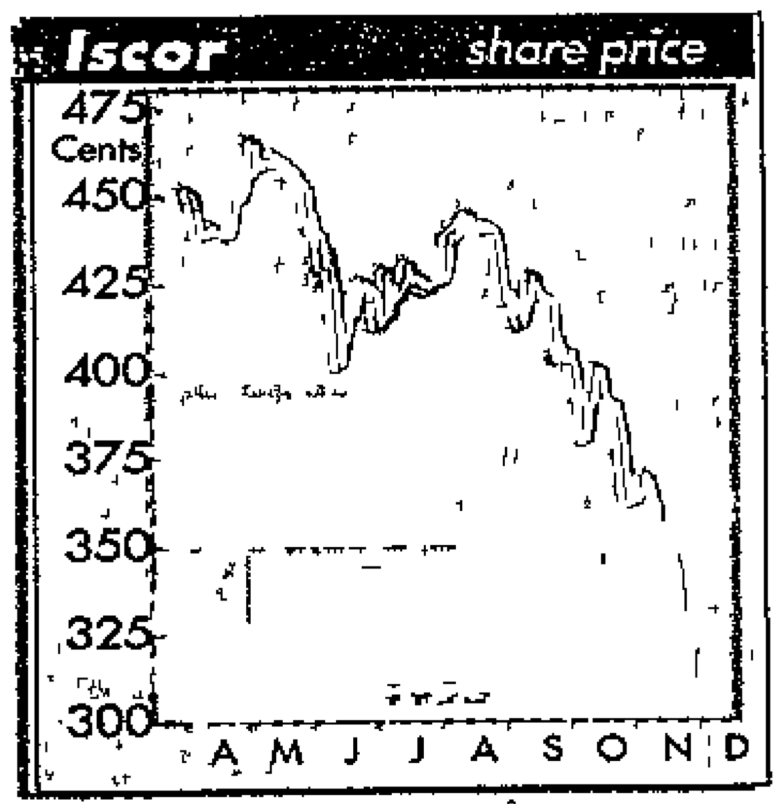
The firm said MacSteel had received privileged status from Iscor during the sanctions years but in 1993, when Smith instructed the export department to conclude export sales on a price-sensitive and competitive basis, new agents acquired significant tonnage at MacSteel's expense

MacDonald rejected claims by Smith that negotiations on any agreement had been held with it or any other steel trader

MacDonald's claim dismissed as 'ludicrous'

Iscor yesterday dismissed claims by MacDonald International on its deal with MacSteel as inaccurate, and said MacDonald had used less-than-ethical means to obtain a copy of the deal

Kevin Robertson, the managing director of Iscor, and Steven Levitt of MacSteel, said· "To put the matter into perspective, Iscor's profit for the financial year 1994/95 was R787 million, which included the contribution of the mining division. "To state that MacSteel International (the joint venture company) could conservatively be expected to show profit of R600 million from Iscor business alone is so far fetched as to be ludicrous. Most of the other statements are equally inaccurate."



Iscor accused of sweetheart deal

(189A) (~~232~~)

Johannesburg — Iscor, the so-called people's share, is taking a hammering as the company moves from one controversy to another

A new twist developed yesterday, with Durban-based steel trader MacDonald International accusing Iscor of giving away billions of rands in a "sweetheart agreement" with the country's largest non-listed company, MacSteel Iscor says the allegation is inaccurate and unfounded CT (BR) 8/12/95

Its share price plummeted from a high of 444c on August 10 to 312c on November 21, before rising to 330c this week **See Page 16**

Steel plant with style for Saldanha

(189A) (86) ARG 13/12/95

□ Architect designs an industrial plant that is functional with flair

BY design, it often seems, industrial plants are squat, sullen and soulless. But it is conceivable that they need not be Political Correspondent MICHAEL MORRIS spoke to Hannes Meiring, the architect charged with refashioning the face of Saldanha's controversial steel mill

COLOGNE cathedral, Hannes Meiring offers hopefully, towers over the old German city as an unmistakable landmark, a fine thing by which to find your bearings

It does not pretend to be anything less, and why should it?

But with what some might regard as an iconoclastic leap of fancy, Hannes Meiring has projected Cologne's — Europe's — grand Gothic motif into his conception of a bold, good-looking steel plant on the exposed veld of Saldanha

The first design for the plant — not his it came from an engineer's drawing board — was unapologetically, inelegantly functional, a large hangar-like construction that made no pretence at being anything other than a factory

But once the environmental controversy intensified — not so much over the design, but the very existence of the thing — Meiring and landscape architect Willem van Riet were brought in to attempt a skillful amelioration

Both are University of Cape Town graduates Meiring, a top Pretoria architect, is acclaimed for his work in preserving South Africa's architectural heritage, and Van Riet, a professor of the discipline at Pretoria University, is a leader in rehabilitative landscape planning.

One might have thought they would try to hide the plant, make it seem to sink low into the scrub Not so.

"Every assessment of the design up to that point projected it negatively. You would find references to the fact that it would be 'virtually impossible to see it' from such and such a point, or 'barely visible' from another."

Meiring turned that approach on its head

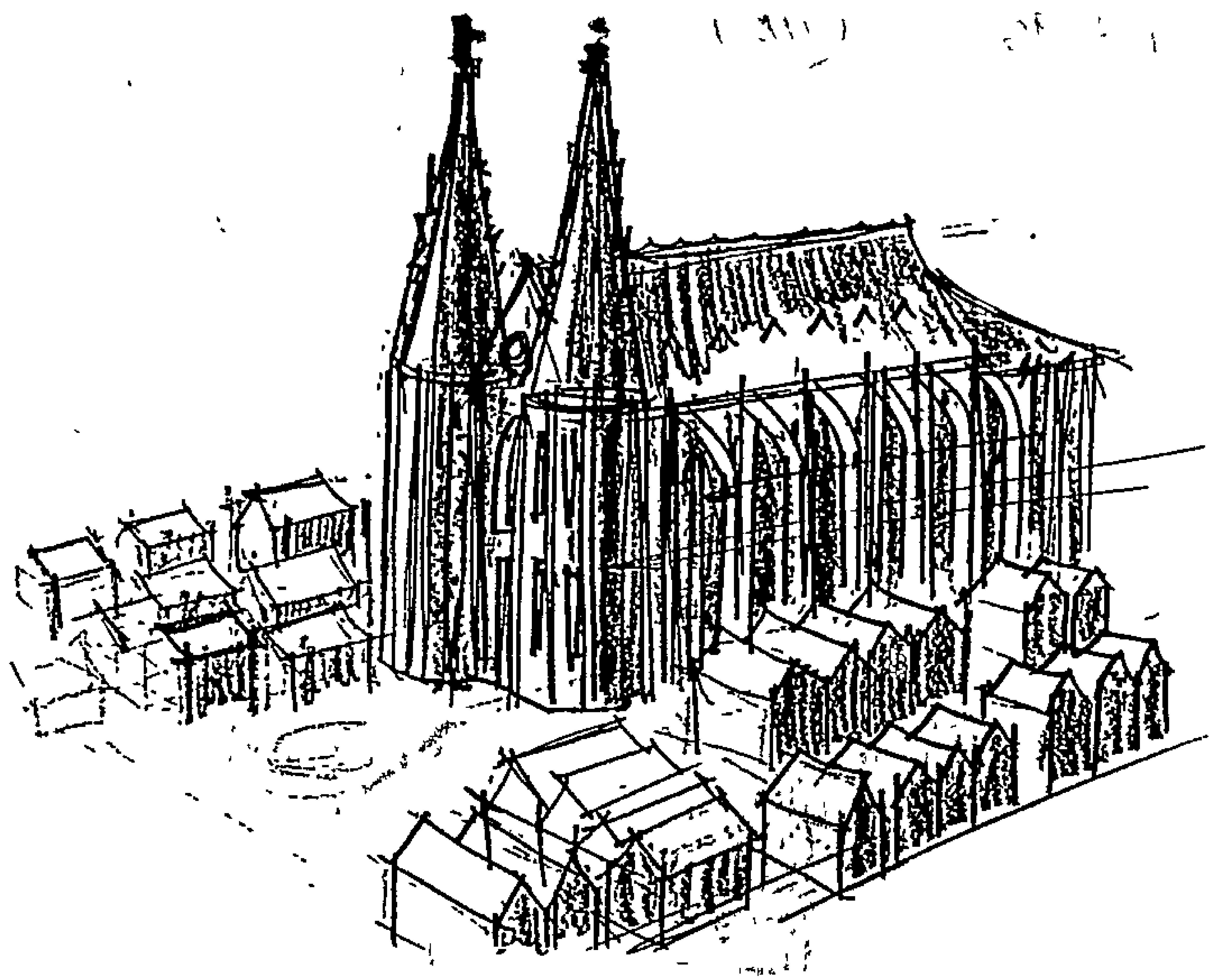
"I said 'Let's make something that attracts attention, that will make people want to draw nearer, let's not be negative about it'"

And so he mulled over the options.

Incontrovertibly, he believed, the plant — which features a 100 m tower — would be visually intrusive, visible from a long way, likely to become something of a landmark Pretty much as a soaring Gothic cathedral, or a crenellated fort on a Mediterranean cliff-top commands a panorama

In his architectural notes, Meiring puts it this way "Given the flat landscape and low vegetation, the immediate visualisation of a plant with spiky towers accentuates the fact that no effort must be made to hide it as if it were a nasty intrusion

"Rather capitalise on the challenge of creating a visually impressive design. The initial impact of a large, dominating feature should be one of awe, something that attracts and also inspires pleasure and accessibility"



GREAT GOTHIC: This pen-sketch illustrates the dominance of Gothic cathedral design.

Citing the Gothic motif of European cathedrals, he notes that these were erected on a scale which minusculed the town dwellings around them

"I do not advocate such an overwhelming design, but I do believe the plant will be seen from a distance and as such should have an impressiveness about it a timeless quality, harmonious with its surrounds"

How?

The essence of the approach was to unify all elements of the design within a bold, attractive composition

"The whole building will read as a total unity."

All surfaces will be covered in a cream-coloured cladding, to avoid a clamour of tints and hues, and a consistent style will be used throughout, so that the building has what Meiring describes as a "rhythm".

Eves and windows will be rounded to soften the overall impact, and all downpipes and gutters will be hidden from view, under cladding

The various elements of the factory will be "fragmented" by design features, so that the whole is not overwhelming

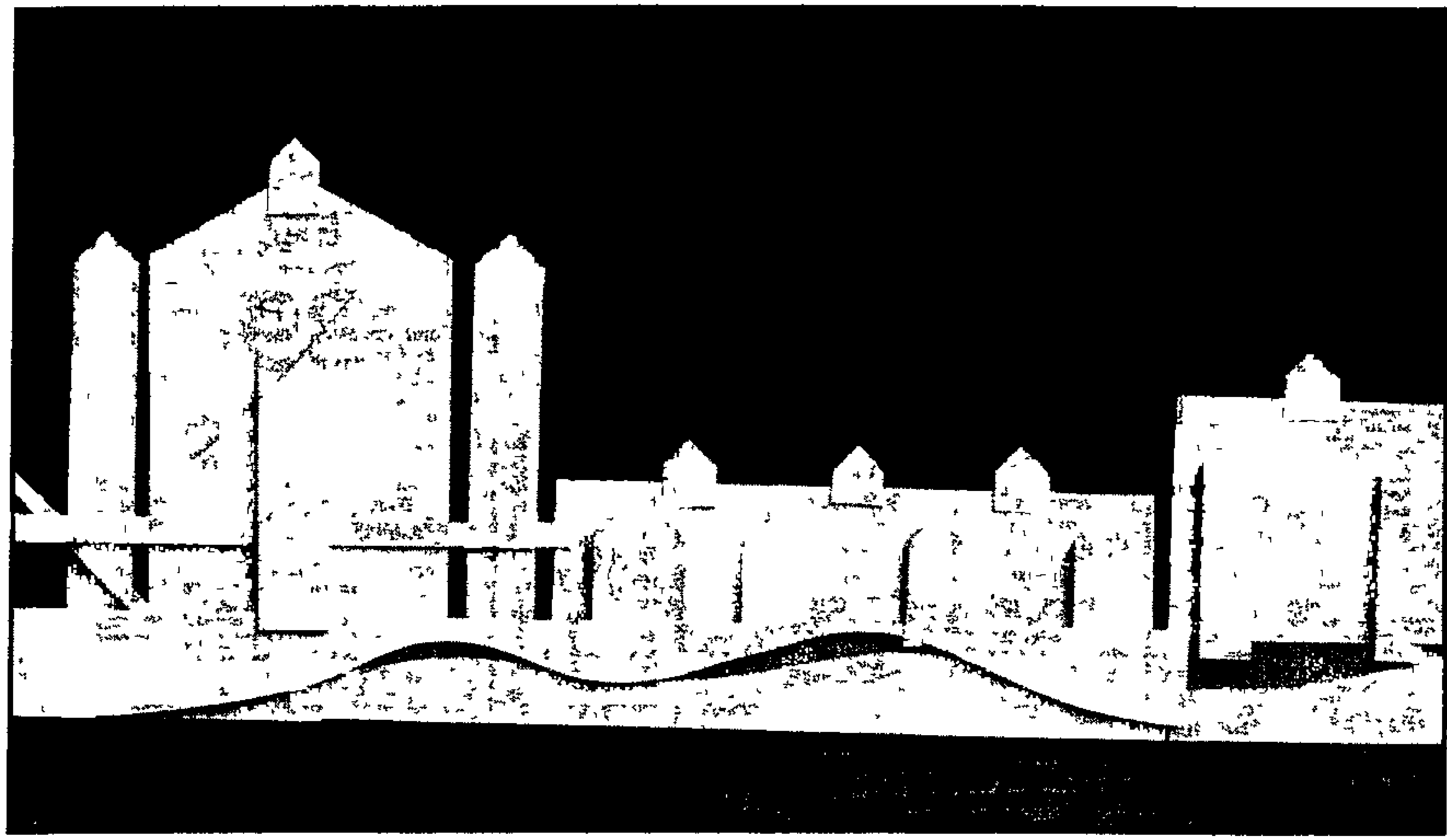
"Sunlight will provide the decorative element. The play of light and shadow across the composition of planes and angles will make it a beautiful thing to look at"

Willem van Riet's landscape design — which will make use of dunes and berms and indigenous vegetation — will be integrated into the overall design

In the end, as Meiring and Van Riet visualise it, Saldanha will have a factory that works, that is functional, and yet is good to look at

And, ultimately, they believe the steel plant will establish an inescapable precedent for the aesthetic and architectural development of the Saldanha region, setting down standards for later buildings that won't have to be hidden as much as possible to ensure at least a modicum of acceptability

DESIGN UNITY: The chief elements of the steel plant design, in profile

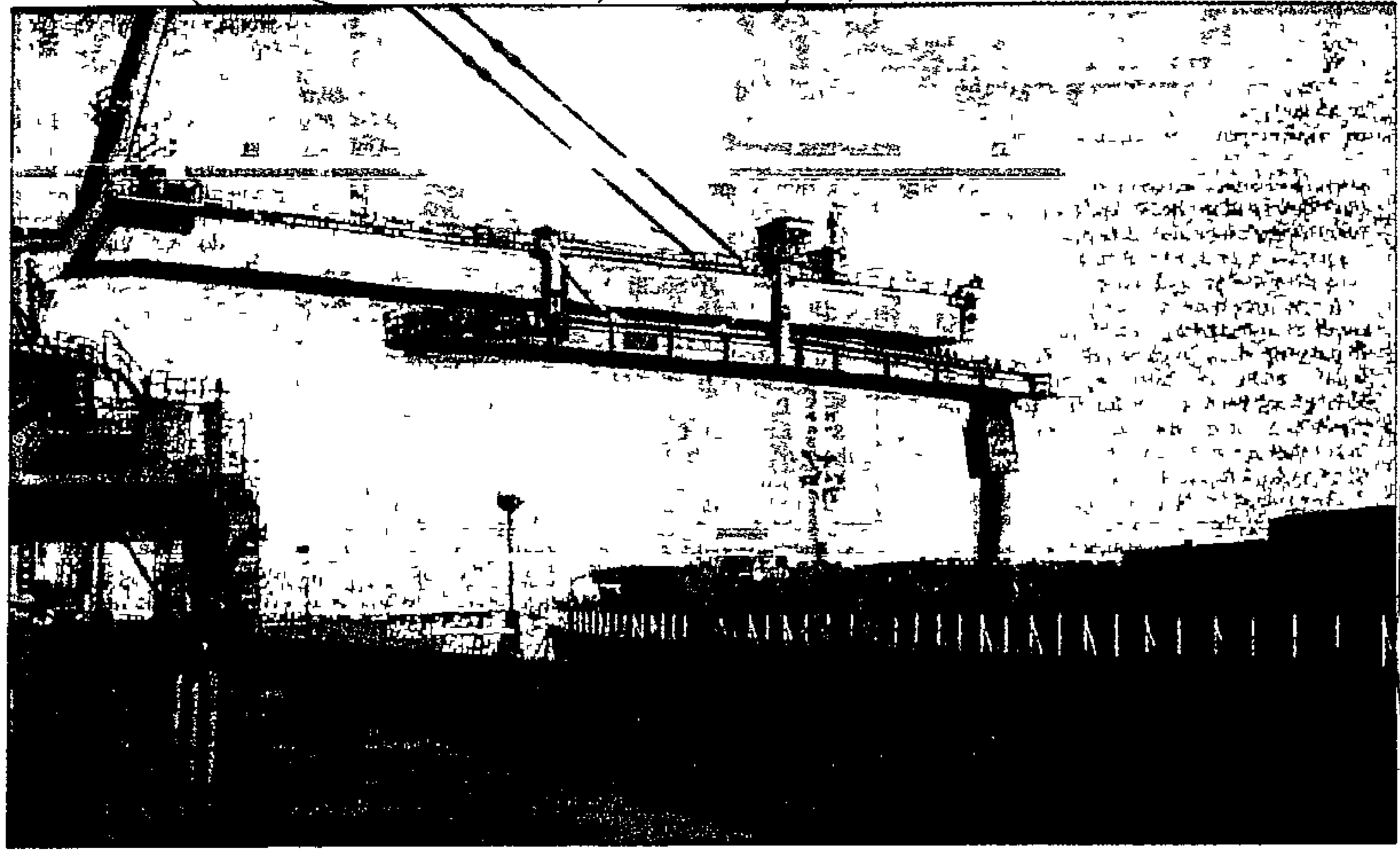


CARDBOARD CONCEPTION. This stylised model illustrates Hannes Meiring's approach to creating a bold, attractive design for the controversial Saldanha steel mill The wavy line along the bottom indicates duneworks

The bay of political opportunism

(189A) M+G 15 – 21/12/95

The controversial industrial development of Saldanha Bay, near the west coast wetlands, is more about politics than about the environmental impact of a steel mill, writes **Neville Sweijd**



Saldanha Bay harbour: The cargo quay is the subject of a separate environmental impact assessment PHOTOGRAPH: KAREN HARVERSON

THE decision of Lampie Fick, Western Cape MEC for Environment and Tourism, to rezone a farm on the Saldanha Bay coast from agricultural to industrial land has given the Saldanha Steel Project the go-ahead — despite a recommendation against this decision by the Steyn Commission of Inquiry. The decision, and the consequent re-emergence of Iscor in the project, does not bode well for the future of development in the province.

Fick has attempted to bulldoze the process through since it became public in April this year. Only the intervention of the National Parliamentary Standing Committee on the Environment managed to slow him by forcing the appointment of the commission. But the fact that the objectors (and the commission) never opposed the development in principle, but only its location, begs the question why he was so determined.

The answer is clearly political. The National Party is desperate to achieve above-average economic growth in its only province and this project represents the cornerstone of "the biggest single industrial development this country has ever seen". The prize is worth the risk of stomping on eminent experts and their arguments in the scramble to get this heartland up and running for the next general election.

The claim that the Steyn Commission's recommendation to move the plant inland is being fulfilled by building it on another part of the same farm renders some 3 000 pages of evidence to the commission redundant. The "compromise" was secretly negotiated with selected parties, ignoring the broad-ranging chorus of objectors who gave evidence in good faith to the three-month-long commission.

If Fick had announced that he was rejecting the commission's recommendation, he would have needed to explain why.

Iscor, still in alliance with remnants of the old regime and wanting a refuge from African National Congress-controlled regional governments, threatened complete withdrawal from the project if government did not bend. Iscor could not afford to move because its approach (ordering equipment, developing its chosen site and hired staff) committed it to that specific site. Moving inland would have meant new plans, another environmental impact assessment (EIA) and several cancelled contracts.

The Campaign for Saldanha is in fact in a worse position than when we started. It appears that Iscor plans to employ a different technology to the one assessed in the original EIA, using scrap (and its complement of heavy metals) instead of iron ore. Now we have no idea of what the environmental impact of the new technology will be.

Anglo-Alpha's cement factory (on the farm adjacent to the Saldanha Steel Project) and the extension of the cargo quay in the harbour, both contingent on the steel project's going ahead, are the subject of separate EIAs — despite being part of a single industrial complex. There are several other plants planned for the same development whose EIAs are yet to be commissioned. This reveals the strategy of compartmentalising EIAs in order to minimalise the cumulative environmental impact of the development.

Another strategy is to neutralise objectors by co-opting them into this process. As in the case of the Saldanha Steel Project EIA, comments are called for, duly noted and then relegated to an appendix in the final report.

This approach is particularly frightening in the face of the recent Industrial Development Corporation announcement that it wants to turn the Saldanha Region into the Ruhr Valley of South Africa. It is not the environmentalists who are pitting conservation against development, it is, in fact, the industrialists and government who refuse to accept the responsibility of finding middle ground.

The World Wide Fund for Nature and National Parks Board gave the Steyn Commission evidence in opposition to the siting of the steel mill. Although the commission found in their favour, these organisations later sided with Fick's decision.

One is left wondering about the effectiveness of these institutions' ability to protect even their own interests and can only assume that their capitulation had to do with relationships and personalities. This issue has caused ructions in the Parks Board which is undergoing its own transformation. Its outgoing chief, Naas Steenkamp, is an NP appointee who served on the Gencor board with Bernard Smith (chairman of the Saldanha Steel Project and erstwhile director of Mossgas).

The CSIR, which is conducting the EIAs, has gone so far as to state that a broader strategic environmental assessment is appropriate for Saldanha so that planning for the region can follow a more thought-through path.

The CSIR is effectively protesting against the process that it has been co-opted into. This plea is made in the Portnet EIA in which the study of the effects of the cargo quay extension has been isolated from that of the effects of the oil storage facility in the harbour.

The Saldanha community enthusiastically awaits this development. Unfortunately they have opted to select what they want to believe, listen only to those who supported the project and pulled the class/race card on anyone who threatened their position. Ultimately what they will get is short-term gain which will result in long-term problems.

Clearly, the only way to prevent degradation of the environment, conserve natural assets and promote biodiversity, is to raise the standard of living and develop infrastructure so that the urgently needed sustainable development can be properly managed. The political opportunism which has been manifested in Saldanha is an example of the antithesis of this principle.

Neville Sweijd is a member of the Campaign for Saldanha

Blast rocks Iscor's Pretoria works

(189A) 20

The Argus Correspondent

PRETORIA — A huge blast at Iscor's Pretoria West works rocked the city, sending shock waves for several kilometres and a large red cloud high into the air

ARG 20/12/95

The blast — at 6 59 am this morning — was heard as far away as Garsfontein in the east and was the result of molten steel being poured into a wet container, an Iscor spokesman said

"It happens fairly regularly, especially when it has been raining a lot and there's water everywhere," he said

"The works is not sealed off and water does make its way into the smelting area When you pour molten steel on to water it traps the steam, which causes an 'explosion' when it escapes," he said

No-one was hurt in the blast and no damage was done

"We regard these 'explosions' as a normal occurrance," said the spokesman

The reason the blast was so loud was because the volume of water and of molten steel coming into contact was large

Samsung considers R200m TV tube investment for SA

BD 20/12/95 (189A)

Paul Vecchiatto

KOREAN electronics group Samsung would consider investing $200m to establish a television tube factory in SA, the company said yesterday.

Samsung SA MD Brian Cape said the company intended to build eight new colour picture tube plants worldwide in the next five years SA's market would be able to support a plant producing a million units a year

The go-ahead would hinge on suitable supply-side incentives from SA's government Rival plans by Amic's joint venture with Daewoo would have to be shelved, he said

Amic's plans have been on hold for 18 months pending clarity from government on investment incentives Amic said yesterday the plans would be scrapped if government failed to provide suitable answers by April.

Cape said· "The local market will be worth between 550 000 and 580 000 colour television sets next year " He expected demand to increase to approximately 1-million by 2003.

The plant — which would take three years to establish — would allow Samsung SA and other local manufacturers to export televisions

Amic said it had shifted its demands to government from import tariffs to supply-side incentives Director Laurie Olivier said a decision was needed by April The opportunity would be lost unless construction started by July

Tubes accounted for half the cost of television sets It was cheaper to import assembled sets than to import parts for local assembly, Olivier said

Samsung's proposals emerged just days after Phillips SA warned that it would close its Johannesburg plant, blaming high costs and an unstable political climate. However, Samsung said the workforce at its Northwest assembly plant was as productive as its Korean staff, given the right training.

The plant assembles more than 100 000 sets each year.